

Registered number: 01372963

Charity number: 507714

Sunderland Engineering Training Association Ltd
(a company limited by guarantee)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 August 2021**

Prepared By:

F.E.Laughlin Ltd t/a JC Accountants
19 Norfolk Street
Sunderland
SR1 1EA

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 August 2021**

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Sunderland Engineering Training Association Limited

**Charity Reference and Administrative Details
For the year ended 31 August 2021**

COMPANY NUMBER

01372963

CHARITY NUMBER

507714

TRUSTEES

Mr David Bartell

Mr Ian Scurfield

Ms Gill Usher -resigned 01/10/21

Mr Stephen Clelland

Mr Andrew Ramsey – appointed 08/01/21

SECRETARY

Mr R Lockwood

CHIEF EXECUTIVE OFFICER

Mr R Lockwood

REGISTERED OFFICE

17 Sedling Road

Wear Estate

Washington

Tyne and Wear

NE38 9BZ

AUDITORS

F.E.Laughlin Ltd

19 Norfolk Street

Sunderland

SR1 1EA

BANKERS

Lloyds Bank plc

54 Fawcett Street

Sunderland

Tyne and Wear

SR1 1SF

INVESTMENT ADVISORS

UBS

3 Finsbury Avenue

London

EC2M2AN

Report of the Trustees

For the year ended 31 August 2021

The Trustees present their report and the audited financial statements for the year ended 31 August 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. This period is 12 months and covers from 1st of September 2020 to the 31st of August 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" in preparing the annual report and financial statements of the charity.

Trustees of the charity

The Trustees, who are also the Directors for the purpose of company law, and who served during the year were:

Mr David Bartell

Mr Ian Scurfield

Mrs Gill Usher – resigned 01/10/21

Mr Stephen Clelland

Mr Andrew Ramsey – appointed 08/01/21

Objectives and Activities

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity should undertake in order to further the charitable purposes for the public benefit. These activities are summarised below.

The company was established as a Registered Charity with the objective of benefiting the public by providing education and training for persons engaged in, or intending to be engaged in the engineering, manufacturing, process, and related industries.

Sunderland Engineering Training Association Limited (Seta) is a long-established Group Training Association, operating from its own Training Centre in Washington, Tyne and Wear. It has been a major Apprentice Training Organisation in the region for more than 50 years.

The main activities over the year have been the delivery of a range of Institute for Apprenticeships and Technical Education (IfATE) approved apprenticeship programmes. These have been selected and delivered in response to the requirements of apprentice employers. Apprenticeship Standards require the delivery of off-the-job training, which is carried out in the Seta workshops in year one of the programme. This is followed by further development training at employers' premises. The principal source of funding for this is through the apprenticeship levy, via the Education and Skills Funding Agency (ESFA), with which Seta is a primary contract holder. Seta also has a small sub-contract arrangement for the delivery of apprenticeships to some non-levy paying employers.

Seta assists employers with the Apprentice recruitment process by receiving applications, providing an aptitude testing service, screening for suitable applicants and subsequently by providing short lists of potential Apprentices.

In addition to apprenticeship training delivery, Seta provides a wide range of short courses for employers and the public wishing to up-skill or cross-skill their staff. Some of these courses lead to the achievement of nationally recognised qualifications. These courses are mostly funded by employers.

Periodically, Seta also provides programmes of training to the unemployed, usually funded directly or indirectly from public sources.

Report of the Trustees

For the year ended 31 August 2021(continued)

Fundraising

The charity does not raise any funds from the general public.

Achievements and Performance

During the year Seta performed well in the delivery of training and learners enjoyed a good level of success. Due to the Covid-19 pandemic, the Education and Skills Funding Agency (ESFA) did not publish institutional or nation success rates, however Seta has consistently performed at above the national average.

Seta has been audited by a number of external organisations, including its customers, and qualification awarding bodies. All have been completed to the satisfaction of the organisations concerned. Seta operates an ISO9001:2015 accredited quality management system.

Seta last had an Ofsted inspection on 21/22 March 2017. The report was published on the 10th of April 2017 confirming that Seta has retained its 'Good' rating.

Financial Review

Overall, the Association is showing revenue from charitable activities of £1,290,451 compared to revenue of £1,058,693 in the previous financial year, an increase of 22%. Net income for the year was £194,067 compared to a net income of £1,066 in 2020 an increase of £193,001.

The growth strategy put in place during previous financial years to increase employer involvement and apprentice numbers, is continuing to deliver positive results, with the highest number ever of apprentice learners on programme. Also, as a result of improved ESFA funding for apprenticeship standards (compared to frameworks), revenue for these has further increased.

For the second year revenue from commercial courses was somewhat lower than before the Covid outbreak. This was because although the delivery of commercial courses re-commenced in October 2019 the maximum cohort size for each course was approximately 50% of normal to allow for good social distancing in classrooms and workshops. There was also a second suspension of commercial delivery between January and March 2020 due to the imposed lockdown.

Seta's investments increased in value overall during the year to £288,356 from £250,782. The market value of retained investments increased by £36,382.

Plans for future periods

The growth of trading surplus is a further indication that management strategies are paying off. It is expected that the new financial year (21/22) will show further growth. Apprentice recruitment numbers for September '21 were good, increasing the total number of learners on programme to over 250, and therefore generating increased revenue.

Commercial training sales have picked up and cohort sizes have returned to their pre-Covid limits. Seta are also part of an ESF funded "Northeast Workforce Skills" programme. This allows Seta and other partners to use levy match funding to deliver up-skilling and cross-skilling course to eligible companies at no cost to them. The programme runs until December 2023.

Report of the Trustees

For the year ended 31 August 2021(continued)

Plans for future periods (continued)

We continue to respond to market needs both in the delivery of apprenticeship programmes and commercial training courses. As new apprenticeship “standards” come on stream through IfATE, we will review these for suitability, and develop capacity and capability to deliver these to apprentices and employers.

Although we primarily deliver training in the engineering and manufacturing sector, we will look for opportunities to enter the market in complementary sectors, for example we currently deliver a number of business and administration related programmes.

We will continue to make investment in training facilities as required to allow high quality training to be delivered.

The charity has more than sufficient funds to fund its activities for at least 12 months from the date of signing the accounts.

Investment powers and policy

During the 20/21 financial year the investment portfolio was managed externally by UBS Wealth Management (UK) Ltd. The portfolio value is noted above. An annual review of this investment portfolio and performance is carried out by Seta trustees. Due to UBS changing their qualifying criteria for investors it is necessary to switch investment managers. Brewin Dolphin was selected as the replacement fund manager. The transition from UBS to Brewin Dolphin is currently under way.

The Trustees have the power to invest in such assets as they see fit. Our investment advisors have been instructed to invest to maximise the total return on investment funds within the constraints of a medium risk portfolio. Whilst the investment brief is broadly defined, Seta trustees are happy that the nature of investments is appropriate from an ethical standpoint.

Reserves policy and Going Concern

The trustees aim to maintain accessible reserves in unrestricted funds at a level which equates to approximately three months of unrestricted charitable expenditure.

The balance held as unrestricted funds at 31 August 2021 was £990,476 of which £558,640 are regarded as free reserves after allowing for funds tied up in tangible fixed assets. There are no restricted reserves. Actual 3 month cash payments totalled £353,000.

The Trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity’s current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Report of the Trustees

For the year ended 31 August 2021(continued)

Reserves policy and Going Concern (continued)

At the time the trustees are preparing this report there is one in-year event that we would like to report on:

1. **Covid-19** – In March 2020 the Covid-19 pandemic caused Seta to suspend delivery of both apprenticeships and commercial workshop based training. No further commercial training was delivered during that financial year. Commercial training resumed in October 2020, but with a much reduced capacity to deliver as a result of the need to maintain social distancing. There was also a second government imposed lock-down between January and March 2021 where in-centre training was suspended. Therefore, 20/21 commercial revenue was once again adversely affected.

The delivery of apprenticeships was also impeded due to Covid restrictions though to a lesser extent than the previous year. This was particularly so through the second lock-down where Seta reverted to the use of online teaching and communication methods. This overall effect of restrictions resulted in apprentices completing their first year off-the-job training somewhat later than normal.

Apprenticeship recruitment for Autumn '21 cohort was once again affected by the Covid-19 induced effect on the manufacturing sector resulting in a below target intake. Nevertheless, our aggregate number of learners on programme increased overall, and we remain in a healthy financial position.

The Trust reported net revenue of £194,067 in the year. Despite the event reported above the Trustees expect that the current financial year will also generate a significant surplus. On that basis they consider the charity is a going concern.

In the event that Seta was unable to recruit any apprentices in the current year, there would be ESFA continuation funding for the >200 apprentices currently on programme. This would run down over three years, by which time adjustments would be made to outgoing costs or alternative revenue streams secured. There is a very low risk that this event will occur.

In the event that Seta was unable to deliver commercial training, reserves would be adequate to cover all costs until they were able to be reduced to match income. There is a medium risk that this event will occur should the Covid pandemic return.

Bearing the above in mind, and considering that Seta has nearly £560,000 of accessible reserves, the Trustees consider the charity is a going concern.

Structure, Governance and Management

The Charity is a company limited by guarantee and is governed by a memorandum and articles of association. The Directors of the Company are also Trustees of the Charity. Eligibility for membership of the Charity and membership of the Board of Trustees is governed by the memorandum and articles of association. There are no restrictions in the governing document on the operation of the charity or on its investment powers other than those imposed by Charity law.

The organisation is governed by a Board of Directors, which consists of nominated members. The Board is responsible for the management and control of the Charity and overall direction of its work.

Report of the Trustees

For the year ended 31 August 2021(continued)

Structure, Governance and Management(continued)

Directors are officers from member companies. The Directors have the power to co-opt new Directors up to the maximum of 7 board members as set out in the Memorandum and Articles of Association.

Trustees are appointed via invite request to apprentice employer organisations or specific board nominations. Seta trustees have expressed an aim to expand the board to its maximum of 7 board members and that process continues through open invites to apprentice employer companies and board invites to nominated individuals.

Induction and Training of Trustees

The induction process has recently been changed to follow the ICSA good practice Charity Trustees' Guide with an induction programme for any newly appointed trustee, which includes an initial meeting with the Chair and the trustees, followed by a series of short meetings with the Chief Executive to further discuss roles and responsibilities and clarify charity policy matters. Further training will be provided as required and in keeping with the Good Practice Guide.

Pay Policy for senior staff

Seta trustees review the salary of all staff on an annual basis including individual rewards packages of senior managers. To ensure retention of all staff, Seta trustees aim to ensure that the organisation is competitive with commensurate organisations with all its salary and reward packages.

Risk management strategy

The Trustees have assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Seta trustees regularly review risks and uncertainties, and these are classified as part of the SWOT / PESTLE analysis which remains part of Seta business improvement plan. To ensure early mitigation of risks Seta trustees continually monitor and review financial status and forward forecasts on a quarterly basis. The principal risks faced by the Trust lie in both the performance of investments, and the issue of securing the continuity of funding from the education and skills funding agency (ESFA) for delivery of apprentice training.

Other risks which remain under regular review are Changes to Ofsted Education Inspection Framework (EIF); Changes to ESFA funding levels for apprenticeship standards; competition from local colleges and technical training providers.

Reference and Administrative Details

Charity Name: Sunderland Engineering Training Association Limited

Also trading as: Seta; Seta Ltd

Charity Number: 507714

Company Number: 01372963 incorporated in England

Registered Office: 17 Sedling Road, Wear Estate, Washington, Tyne, and Wear, NE38 9BZ

None of the trustees received remuneration or other benefit from their work with the charity. Any connection with the charity must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

Report of the Trustees

For the year ended 31 August 2021(continued)

Reference and Administrative Details (continued)

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

The day-to-day management of the Charity has been delegated to Mr Robin Lockwood as the Chief Executive Officer.

Our advisers

Auditors	F.E.Laughlin Ltd	19 Norfolk Street, Sunderland, Tyne and Wear, SR1 1EA
Bankers	Lloyds Bank plc	54 Fawcett Street, Sunderland, Tyne and Wear, SR1 1SF
Investment advisors	UBS	3 Finsbury Avenue, London, EC2M2AN

Exemptions from Disclosure

There are no exemptions from disclosure.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on behalf of others.

Statement of Trustees' Responsibilities

The Trustees, who are also the Directors of Sunderland Engineering Training Association Ltd for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimated that are reasonable and prudent; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Report of the Trustees

For the year ended 31 August 2021(continued)

Statement as to disclosure of information to the auditor

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors

On Behalf of the Board of Trustees



.....
Mr David Bartell

Trustee

Dated: 25/3/22.....

**Report of the auditor
For the year ended 31 August 2021**

Independent auditor's report to the members and trustees of Sunderland Engineering Training Association Limited

Opinion

We have audited the financial statements of Sunderland Engineering Training Association Ltd ('the charitable company') for the year ended 31/08/2021 which comprise a Statement of Financial Activities (including an income and expenditure account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is the 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 31/08/21 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Report of the auditor
For the year ended 31 August 2021 (continued)**

Other information

The other information comprises the information included in the trustees' 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Report of the auditor

For the year ended 31 August 2021 (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees (who are also 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 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 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:

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the company's high level policies and procedures to prevent and detect fraud, and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud
- Reading board minutes
- Considering remuneration incentive schemes for senior staff
- Using analytical procedures to identify any unusual or unexpected relationships

As required by auditing standards, and taking into account possible pressure to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that charitable revenue and costs are recorded in the wrong period.

Report of the auditor

For the year ended 31 August 2021 (continued)

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general experience of the charity sector and through discussion with directors and other management the policies and procedures regarding compliance with laws and regulations.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting 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 company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on disclosures in the financial statements, for instance through a poor OFSTED inspection report damaging the reputation of the company as a training organisation. We identified the following areas as those most likely to have such an effect: health and safety, employment law and poor audit reports from OFSTED. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulation to enquiries of directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, and audit will not detect that breach.

Fraud risk re revenue recognition was audited by comparing expected income for both apprentice training income and commercial training courses with actual income invoiced and reviewing the accruals and prepayments to ensure income is accounted for in the correct period.

Fraud risk re management override of controls was addressed by reviewing board meeting minutes to confirm the trustee overview of management decisions and that trustee review of the quarterly management accounts and annual statutory accounts takes place.

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.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for> This description forms part of our auditor's report.

Report of the auditor

For the year ended 31 August 2021 (continued)

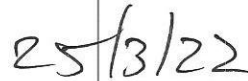
Use of our report

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

Signature



Fiona Ramsey (Senior Statutory Auditor)
For and on behalf of FE Laughlin Ltd Statutory
Auditor



19 Norfolk Street, Sunderland SR1 1EA
Dated

**Statement of Financial Activities (including income and expenditure account)
for the year ended 31 August 2021**

	Notes	2021 £	2020 £
<u>Income and endowment from</u>			
Donations and legacies	2	30,106	41,578
Charitable activities	3	1,290,451	1,058,693
Other trading activities	4	210	445
Investments	5	4,749	5,823
Other income	6	91	-
Total income and endowments		1,325,607	1,106,539
<u>Expenditure</u>			
Investment management fees	7	2,164	2,238
Charitable activities	8	1,163,369	1,063,277
Other – exceptional item	12	996	34,094
Total Expenditure		1,166,529	1,099,609
Net gains/(losses) on investments	13	34,989	(5,864)
Net income/(expenditure) and net movement in funds for the year		194,067	1,066
Reconciliation of funds			
Total Funds brought forward		796,409	795,343
Total funds carried forward		990,476	796,409

This statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities and are assigned to unrestricted funds in both years. This statement also includes the income and expenditure account for the Companies Act 2006.

Sunderland Engineering Training Association Limited

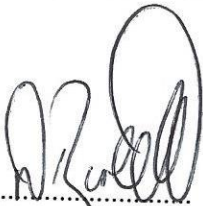
Balance Sheet at 31 August 2021

	Notes	£	2021 £	£	2020 £
Fixed Assets					
Tangible assets	18		431,836		434,850
Investments	19		288,356		250,782
			<u>720,192</u>		<u>685,632</u>
Current assets					
Debtors (amounts falling due within one year)	20	192,578		114,676	
Cash at Bank and in hand		204,929		84,824	
		<u>397,507</u>		<u>199,500</u>	
Liabilities					
CREDITORS: Amounts falling due within one year	21	127,223		88,723	
Net current assets/(liabilities)			<u>270,284</u>	<u>110,777</u>	
TOTAL NET ASSETS			<u>990,476</u>	<u>796,409</u>	
The Funds of the Charity					
Unrestricted income funds			990,476		796,409
Total Charity Funds			<u>990,476</u>	<u>796,409</u>	

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

The financial statements were approved and authorised for issue by the Board on.....

and signed on their behalf by



.....
Mr David Bartell
Trustee

The notes on pages 18 to 28 form part of these financial statements.

Cash flow for the year ended 31 August 2021

	Notes	2021 £	2020 £
Cash flow from operating activities	23	154,563	36,303
Cash flows from investing activities			
Payments to acquire investments		(70,512)	(183,827)
Receipts from sale of investments		71,498	183,280
Payments to acquire tangible fixed assets		(36,713)	(44,314)
Receipts from sale of tangible fixed assets		91	-
Interest received		137	128
Dividends received		4,612	5,695
Net cash provided by investing activities		<u>(30,887)</u>	<u>(39,038)</u>
Cash flows from financing activities			
Interest paid		-	-
Net cash outflow from financing		<u>-</u>	<u>-</u>
Net Increase/(Decrease) in cash and cash equivalents		<u>123,676</u>	<u>(2,735)</u>
Cash and cash equivalents at 1 September 2020		93,197	95,932
Cash and cash equivalents at 31 August 2021		<u><u>216,873</u></u>	<u><u>93,197</u></u>
Cash and cash equivalents consist of			
Cash in hand		231	147
Cash held within investment portfolio		11,944	8,373
Notice deposit (less than 3 months)		204,698	84,677
Cash and cash equivalents at 31 August 2021		<u><u>216,873</u></u>	<u><u>93,197</u></u>

Notes to the accounts for the year ended 31 August 2021

1. Summary of significant accounting policies

1a. General information and basis of preparation

The charity is a company limited by guarantee registered in England and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are benefiting the public by providing education and training for persons engaged in, or intending to be engaged in the engineering, manufacturing, process, and related industries.

The charity constitutes a public benefit entity as defined by FRS 102. 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1b. Funds

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

1c. Incoming Recognition

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably, and it is probable that the income will be received.

Donations and legacies: Grant income included in this category provides funding to support training activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor specifies that it is to be expended in future periods.

The charity received government grants in respect of the COVID-19 job retention scheme and these have been accounted for on the basis of eligibility and on the performance method.

The charity received government grants in respect of the Kickstart Scheme, and these have been accounted for on the basis of eligibility.

Charitable activities: Income for training courses paid in advance is deferred until the course is due.

Income earned from trading activities is used to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Notes to the accounts for the year ended 31 August 2021

Summary of significant accounting policies (continued)

1c. Incoming Recognition (continued)

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably.

Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

1d. Expenditure Recognition

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

In particular the policy for including items within costs of generating funds, charitable activities and governance costs is: Charitable activities include expenditure associated with the provision of engineering training and include both the direct costs and the support costs relating to this activity. Governance costs include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Support costs are analysed in the notes to the accounts as requested by the Trustees.

1e. Allocation and apportionment of costs

All costs relate to the single activity of the charitable company and are recognised accordingly.

1f. Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold Land and Buildings straight line 2%
Plant and Machinery reducing balance 25%/ straight line 33%
Fixtures and Fittings reducing balance 10%

1g. Fixed asset Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Notes to the accounts for the year ended 31 August 2021

Summary of significant accounting policies (continued)

1g. Fixed asset Investments (continued)

The charitable company does not acquire put options, derivatives, or other complex financial instruments. The main form of financial risk faced by the charitable company is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Fixed asset investments are stated at fair value as at the balance sheet date.

1h. Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

1i. Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

1j. Cash at bank and in hand

Current asset investments are short term highly liquid investments and are held at fair value. These include cash on deposit and cash equivalents with a maturity of less than one year.

1k. Pensions

Since 1 March 2017 the only pension arrangements in place are auto enrolment compliant arrangements and contributions are charged in the accounts as they come payable. These are defined contribution arrangements.

1l. Financial instruments

The charitable 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.

1m. Preparation of the accounts on a going concern basis

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1n. Operating leases

The charitable company classifies the lease of the Ethernet line as an operating lease; the title to the equipment remains with the lessor. Rental charges are charged on a straight line basis over the terms of the contract.

Notes to the accounts for the year ended 31 August 2021

Summary of significant accounting policies (continued)

10. Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2. Grants

	2021 £	2020 £
JRS grants re furlough scheme	18,240	41,578
Apprentice funding grant for own staff	2,000	-
Kickstart grants	9,866	-
	<u>30,106</u>	<u>41,578</u>

3. Income from charitable activities

	2021 £	2020 £
Apprentice training	1,164,288	933,621
Commercial training	126,163	125,072
	<u>1,290,451</u>	<u>1,058,693</u>

Employer co-funding fees have been reclassified as apprentice training rather than commercial training to more accurately reflect the facts. The prior year comparatives have been restated.

4. Income from other trading activities

	2021 £	2020 £
Sale of boots and overalls	-	445
Other	210	-
	<u>210</u>	<u>445</u>

Notes to the accounts for the year ended 31 August 2021

5. Income from investments

	2021	2020
	£	£
Income from listed investments – Dividends	4,612	5,695
Interest receivable	137	128
	<u>4,749</u>	<u>5,823</u>

6. Other income

	2021	2020
	£	£
Profit on sale of tangible fixed assets	91	-
	<u>91</u>	<u>-</u>

7. Investment management costs

	2021	2020
	£	£
Investment manager fees	2,164	2,238
	<u>2,164</u>	<u>2,238</u>

All the above costs were attributable to unrestricted funds.

8. Analysis of expenditure on charitable activities

		2021	2020
		£	£
Charitable activities			
Activities undertaken directly	9	720,408	631,649
Support costs	10	442,961	431,628
		<u>1,163,369</u>	<u>1,063,277</u>

All the above costs were attributable to unrestricted funds.

Notes to the accounts for the year ended 31 August 2021

9. Activities undertaken directly

	2021	2020
	£	£
Unrestricted costs		
Other costs relating to Charitable activities comprise		
Gross wages and salaries	390,531	375,370
Employers' NI	37,783	35,557
Platten Trust wages	384	378
Pension contributions	43,507	43,975
Depreciation of assets used for charitable purpose	20,631	19,325
Materials and consumables	22,779	29,176
Bought in services	116,745	71,638
Safety clothing and cleaning	24,358	18,117
Training courses and expenses	63,690	38,113
	<u>720,408</u>	<u>631,649</u>

The cost of bought in services was included in materials and consumables in prior year but has been separately disclosed this year. Some of the bought in costs in prior years have been included under other costs. The comparatives for all relevant figures have been restated.

10. Support costs

	2021	2020
	£	£
Governance	4,300	4,200
Finance	275	273
Information technology	7,000	6,029
Human Resources	268,906	265,851
Depreciation	19,096	19,314
Office costs (including rental)	109,021	100,273
Pension contributions	23,477	23,546
Other	10,886	12,142
	<u>442,961</u>	<u>431,628</u>

Some of the bought in costs in prior years had been included under other costs. The comparative figures have been restated.

Notes to the accounts for the year ended 31 August 2021

11. Governance costs

	2021	2020
	£	£
Trustee remuneration and expenses	-	-
Consultancy	-	-
Auditor's remuneration	4,300	4,200
Other	-	-
	<u>4,300</u>	<u>4,200</u>

All of the above costs were attributable to unrestricted funds.

12. Exceptional items

	2021	2020
	£	£
Bad debt	996	34,094
	<u>996</u>	<u>34,094</u>

13. Net gains/(losses) on investments

	2021	2020
	£	£
Realised Profit(Loss) on disposal of investment assets held by income funds	(1,393)	(6,276)
Unrealised (losses)/gains on investment assets held by income funds	36,382	412
	<u>34,989</u>	<u>(5,864)</u>

14. Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

	2021	2020
	£	£
Gross wages and salaries	634,830	615,803
Platten Trust wages	384	378
Employers' NI	58,084	54,843
Pension contributions	66,984	67,521
	<u>760,282</u>	<u>738,545</u>

One employee had employee benefits (excluding pension contributions) in excess of £60,000 (2020: one). This employee's benefits were in the band (£80,000 to £90,000 (2020 £80,000 to £90,000.)) There are no benefits accruing under defined benefit pension schemes.

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

Notes to the accounts for the year ended 31 August 2021

Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel (continued)

The key management personnel of the charity comprise the trustees and the Chief Executive Officer. The total employee benefits (excluding employer pension costs) of the key management personnel of the Trust were £85,620 (2020: £89,739).

The charity trustees neither received nor waived any benefits from employment with the Company in the year (2020: £nil) neither were they reimbursed expenses during the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

There are no other related party transactions in the reporting period.

15. Staff numbers

The average monthly headcount was 23 (2020: 21) and the average number of staff employed by the charity during the financial year amounted to:

	2021	2020
	£	£
Lecturers and training providers	15	13
Management and admin staff	8	8
	<u>23</u>	<u>21</u>

16. Net income/(expenditure) for the year

	2021	2020
	£	£
This is stated after charging:		
Auditor's remuneration	4,300	4,200
Accountancy services provided by the auditor	7,061	5,880
Operating leases – equipment	4,085	3,895
Depreciation	39,727	38,639
Loss/(profit) on disposal of tangible fixed assets	(91)	-

17. Corporation Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Notes to the accounts for the year ended 31 August 2021

18. Tangible Fixed Assets

	Freehold Land and Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 September 2020	540,247	684,627	207,745	1,432,619
Additions	-	32,908	3,805	36,713
Disposals	-	-	-	-
At 31 August 2021	540,247	717,535	211,550	1,469,332
Depreciation				
At 1 September 2020	230,564	629,548	137,657	997,769
Charge for year	11,855	20,631	7,241	39,727
Disposals	-	-	-	-
At 31 August 2021	242,419	650,179	144,898	1,037,496
Net Book Value				
At 31 August 2021	297,828	67,356	66,652	431,836
At 31 August 2020	309,683	55,079	70,088	434,850

Tangible fixed assets are held to further charitable activities.

There is a capital commitment at the year-end of £18,012 of which £7,000 is included in prepayments since it was invoiced as a deposit.

19. Fixed asset investments

	2021 £	2020 £
Market value at beginning of year	250,782	253,061
Disposals proceeds	(71,498)	(183,280)
Acquisitions at cost	70,513	183,827
Cash movement	3,570	3,038
Change in value in the year	34,989	(5,864)
Market value at end of year	288,356	250,782
Historical cost	£235,074	£228,329

The portfolio of fixed asset investments are managed by UBS on behalf of the charity and the valuation of the investments is provided by them at market value on the balance sheet date.

Net cash released from investments in year was £nil (2020 £nil).

Notes to the accounts for the year ended 31 August 2021

Fixed asset investments (continued)

Investments at fair value compromised

	2021	2020
	£	£
Equities	155,377	122,605
Asset allocation funds	31,184	35,833
Alternative investments	11,915	10,295
Fixed interest securities	75,448	71,187
Money market investment	2,489	2,489
Cash held within the investment portfolio	11,943	8,373
	<u>288,356</u>	<u>250,782</u>
20. Debtors		
	2021	2020
	£	£
Amounts falling due within one year		
Trade debtors	159,604	91,618
Prepayments and accrued income	32,974	23,058
	<u>192,578</u>	<u>114,676</u>
21. Creditors - amounts falling due within one year		
	2021	2020
	£	£
Trade creditors	21,613	20,726
Taxation and social security	16,647	14,782
Other creditors	19,862	17,789
Accruals and deferred income	69,101	35,426
	<u>127,223</u>	<u>88,723</u>
22. Obligations under non-cancellable operating leases		
Future minimum rentals payable under non-cancellable operating leases are as follows:		
	2021	2020
	£	£
Within one year	4,594	2,272
In two to five years	9,187	-
In over five years	-	-
	<u>13,781</u>	<u>2,272</u>

Notes to the accounts for the year ended 31 August 2021

23. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2021	2020
	£	£
Net income / (expenditure) for year / period	194,067	1,066
Dividends received	(4,612)	(5,695)
Interest received	(137)	(128)
Depreciation and impairment of tangible fixed assets	39,727	38,639
(Gains) / losses on investments	(34,989)	5,863
(Profit) / loss on disposal of tangible fixed assets	(91)	-
(Increase) / decrease in debtors	(77,902)	38,566
Increase / (decrease) in creditors	38,500	(42,008)
	<hr/>	<hr/>
Net cash flow from operating activities	<u>154,563</u>	<u>36,303</u>

24. Post Balance sheet events

There are no post balance sheet events giving rise to the need for adjustment or disclosure in the accounts.