

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 2022**

Prepared By:

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 August 2022**

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**Charity Reference and Administrative Details
For the year ended 31 August 2022**

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

SECRETARY

Mr R Lockwood

CHIEF EXECUTIVE OFFICER

Mr R Lockwood

REGISTERED OFFICE

17 Sedling Road

Wear Industrial Estate

Washington

Tyne and Wear

NE38 9BZ

AUDITORS

F.E.Laughlin Ltd

19 Norfolk Street

Sunderland

SR1 1EA

BANKERS

Public

Lloyds Bank plc

54 Fawcett Street

Sunderland

Tyne and Wear

SR1 1SF

INVESTMENT ADVISORS

RBC Brewin Dolphin

12 Smithfield Street

London

EC1a 9BD

Report of the Trustees

For the year ended 31 August 2022

The Trustees present their report and the audited financial statements for the year ended 31 August 2022 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 2021 to the 31st of August 2022. 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

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.

For the duration covered by this report Seta was also a partner in the ESF funded "North East Workforce Skills" programme in collaboration with Sunderland University and a number of other independent training providers. This project delivers upskilling and cross skilling training to workers currently in employment.

Report of the Trustees

For the year ended 31 August 2022(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 which is consistently higher than national averages.

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 April 2017 confirming that Seta had retained its 'Good' rating.

Financial Review

Overall, the Association is showing revenue from charitable activities of £1,736,585 compared to revenue of £1,290,451 in the previous financial year, an increase of 35%. Net income for the year was £230,728 compared to a net income of £194,067 in 2021 an increase of £36,661.

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.

During the year Seta changed its investment management company from UBS to Brewin Dolphin. As a result of this, along with current market trading conditions, Seta's investments decreased in value overall during the year to £279,771 from £288,356. The market value of retained investments decreased by £332.

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 (22/23) will show further growth. Apprentice recruitment numbers for September '22 were once again good, increasing the total number of learners on programme to almost 300, 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.

We continue to respond to market needs both in the delivery of apprenticeship programmes and commercial training courses. We review new apprenticeship "standards" published by IfATE, for suitability and, where there is a good fit, develop capacity and capability to deliver these to apprentices and employers.

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

Report of the Trustees

For the year ended 31 August 2022(continued)

Plans for future periods (continued)

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 21/22 financial year the investment portfolio was managed initially by UBS Wealth Management (UK) Ltd before transferring to Brewin Dolphin as a result of UBS changing their qualifying criteria for investors. The portfolio value is noted above. An annual review of this investment portfolio and performance is carried out by Seta trustees.

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. An investment policy is in place. 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 2022 was £1,221,204 of which £667,307 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 £539,000.

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.

The Trust reported net revenue of £230,728 in the year. 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 >250 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.

Bearing the above in mind, and considering that Seta has £667,000 of readily accessible reserves, the Trustees consider the charity is a going concern.

Report of the Trustees

For the year ended 31 August 2022(continued)

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.

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 follows 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.

Report of the Trustees

For the year ended 31 August 2022(continued)

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 Industrial 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.

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 Brewin Dolphin Limited 12 Smithfield Street, London, EC1a 9BD

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.

Report of the Trustees

For the year ended 31 August 2022(continued)

Statement of Trustees' Responsibilities(continued)

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.

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, in our capacity as company directors

On Behalf of the Board of Trustees



.....
Mr David Bartell
Trustee

Dated: 25/8/23.....

**Report of the auditor
For the year ended 31 August 2022**

Independent auditor's report to the members 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 31/08/2022 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 31/08/22 and of its incoming resources and application of resources, 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 2022 (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 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 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 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;
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Report of the auditor

For the year ended 31 August 2022 (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 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:

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

- Enquiring of directors as to the charitable company's high level policies and procedures to prevent and detect fraud, and the charitable 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 2022 (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 charitable 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 charitable 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 charitable 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 2022 (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



25/5/23

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 2022**

	Notes	2022 £	2021 £
<u>Income and endowment from</u>			
Donations and legacies	2	20,870	30,106
Charitable activities	3	1,736,585	1,290,451
Other trading activities	4	396	210
Investments	5	4,898	4,749
Other income	6	-	91
Total income and endowments		<u>1,762,749</u>	<u>1,325,607</u>
<u>Expenditure</u>			
Investment management fees	7	2,271	2,164
Charitable activities	8	1,518,537	1,163,369
Other – exceptional item	12	-	996
Total Expenditure		<u>1,520,808</u>	<u>1,166,529</u>
Net gains/(losses) on investments	13	<u>(11,213)</u>	<u>34,989</u>
Net income/(expenditure) and net movement in funds for the year		230,728	194,067
Reconciliation of funds			
Total Funds brought forward		990,476	796,409
Total funds carried forward		<u>1,221,204</u>	<u>990,476</u>

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.

Balance Sheet at 31 August 2022

	Notes	2022		2021	
		£	£	£	£
Fixed Assets					
Tangible assets	17		553,897		431,836
Investments	18		279,771		288,356
			<u>833,668</u>		<u>720,192</u>
Current assets					
Debtors (amounts falling due within one year)	19	264,848		192,578	
Cash at Bank and in hand		326,296		204,929	
		<u>591,144</u>		<u>397,507</u>	
Liabilities					
CREDITORS: Amounts falling due within one year	20	203,608		127,223	
Net current assets/(liabilities)			<u>387,536</u>		<u>270,284</u>
TOTAL NET ASSETS			<u>1,221,204</u>		<u>990,476</u>
The Funds of the Charity					
Unrestricted income funds			<u>1,221,204</u>		<u>990,476</u>
Total Charity Funds			<u>1,221,204</u>		<u>990,476</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...25/5/23

and signed on their behalf by



 Mr David Bartell
 Trustee

The notes on pages 17 to 27 form part of these financial statements.

Cash flow for the year ended 31 August 2022

	Notes	2022 £	2021 £
Cash flow from operating activities	23	288,799	154,563
Cash flows from investing activities			
Payments to acquire investments		(143,419)	(70,512)
Receipts from sale of investments		142,533	71,498
Payments to acquire tangible fixed assets		(169,703)	(36,713)
Receipts from sale of tangible fixed assets		-	91
Interest received		513	137
Dividends received		4,385	4,612
Net cash provided by investing activities		<u>(165,691)</u>	<u>(30,887)</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>123,108</u>	<u>123,676</u>
Cash and cash equivalents at 1 September 2021		<u>216,873</u>	<u>93,197</u>
Cash and cash equivalents at 31 August 2022		<u><u>339,981</u></u>	<u><u>216,873</u></u>
Cash and cash equivalents consist of			
Cash in hand		43	231
Cash held within investment portfolio		13,685	11,944
Notice deposit (less than 3 months)		326,253	204,698
Cash and cash equivalents at 31 August 2022		<u><u>339,981</u></u>	<u><u>216,873</u></u>

Notes to the accounts for the year ended 31 August 2022

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 in the prior year 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 and on the performance method.

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 2022

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. This is a departure from the SORP which requires support costs to be allocated between the different activities engaged. 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 2022

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 2022

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

	2022	2021
	£	£
JRS grants re furlough scheme	-	18,240
Apprentice funding grant for own staff	500	2,000
Kickstart grants	20,370	9,866
	<u>20,870</u>	<u>30,106</u>

3. Income from charitable activities

	2022	2021
	£	£
Apprentice training	1,375,269	1,164,288
Commercial training	361,316	126,163
	<u>1,736,585</u>	<u>1,290,451</u>

4. Income from other trading activities

	2022	2021
	£	£
Other	396	210
	<u>396</u>	<u>210</u>

5. Income from investments

	2022	2021
	£	£
Income from listed investments – Dividends	4,385	4,612
Interest receivable	513	137
	<u>4,898</u>	<u>4,749</u>

Notes to the accounts for the year ended 31 August 2022

6. Other income

	2022	2021
	£	£
Profit on sale of tangible fixed assets	-	91
	<u>-</u>	<u>91</u>

7. Investment management costs

	2022	2021
	£	£
Investment manager fees	2,271	2,164
	<u>2,271</u>	<u>2,164</u>

All the above costs were attributable to unrestricted funds.

8. Analysis of expenditure on charitable activities

		2022	2021
		£	£
Charitable activities			
Activities undertaken directly	9	948,776	720,408
Support costs	10	569,761	442,961
		<u>1,518,537</u>	<u>1,163,369</u>

All the above costs were attributable to unrestricted funds.

9. Activities undertaken directly

	2022	2021
	£	£
Unrestricted costs		
Other costs relating to Charitable activities comprise		
Gross wages and salaries	471,961	390,531
Employers' NI	48,221	37,783
Platten Trust wages	-	384
Pension contributions	44,163	43,507
Depreciation of assets used for charitable purpose	24,718	20,631
Materials and consumables	65,976	22,779
Bought in services	143,931	116,745
Safety clothing and cleaning	32,876	24,358
Training courses and expenses	116,930	63,690
	<u>948,776</u>	<u>720,408</u>

Notes to the accounts for the year ended 31 August 2022

10. Support costs

		2022	2021
		£	£
Governance	11	6,600	4,300
Finance		231	275
Information technology		8,150	7,000
Gross wages and salaries		333,687	244,299
Pension contributions		32,218	23,477
Employers' NI		26,392	20,301
Staff gifts and travel and subsistence		11,291	4,306
Depreciation		22,924	19,096
Office costs (including rental)		108,464	109,021
Other		19,804	10,886
		<u>569,761</u>	<u>442,961</u>

11. Governance costs

		2022	2021
		£	£
Trustee remuneration and expenses		-	-
Consultancy		-	-
Auditor's remuneration		6,600	4,300
Other		-	-
		<u>6,600</u>	<u>4,300</u>

All of the above costs were attributable to unrestricted funds.

12. Exceptional items

		2022	2021
		£	£
Bad debt		-	996
		<u>-</u>	<u>996</u>

13. Net gains/(losses) on investments

		2022	2021
		£	£
Realised Profit(Loss) on disposal of investment assets held by income funds		(10,881)	(1,393)
Unrealised (losses)/gains on investment assets held by income funds		(332)	36,382
		<u>(11,213)</u>	<u>34,989</u>

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

	2022	2021
	£	£
Gross wages and salaries	805,648	634,830
Platten Trust wages	-	384
Employers' NI	74,614	58,084
Pension contributions	76,381	66,984
	<u>956,643</u>	<u>760,282</u>

One employee had employee benefits (excluding pension contributions) in excess of £60,000 (2021: one). This employee's benefits were in the band (£100,000 to £110,000 (2021 £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.

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 £105,705 (2021: £85,620).

The charity trustees neither received nor waived any benefits from employment with the Charitable Company in the year (2021: £nil) neither were they reimbursed expenses during the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil). A trustee who retired during the year was given a leaving gift of flowers costing £37.

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

15. Staff numbers

The average monthly headcount was 26 (2021: 23) and the average number of staff employed by the charity during the financial year amounted to:

	2022	2021
	£	£
Lecturers and training providers	15	15
Management and admin staff	11	8
	<u>26</u>	<u>23</u>

Notes to the accounts for the year ended 31 August 2022

16. Net income/(expenditure) for the year

	2022	2021
	£	£
This is stated after charging:		
Auditor's remuneration	6,600	4,300
Accountancy services provided by the auditor	7,616	7,061
Operating leases – equipment	4,601	4,085
Depreciation	47,642	39,727
Loss/(profit) on disposal of tangible fixed assets	-	(91)

17. Tangible Fixed Assets

	Freehold Land and Buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	540,247	717,535	211,550	1,469,332
Additions	60,339	41,260	68,104	169,703
Disposals	-	-	-	-
At 31 August 2022	<u>600,586</u>	<u>758,795</u>	<u>279,654</u>	<u>1,639,035</u>
Depreciation				
At 1 September 2021	242,419	650,179	144,898	1,037,496
Charge for year	11,874	24,719	11,049	47,642
Disposals	-	-	-	-
At 31 August 2022	<u>254,293</u>	<u>674,898</u>	<u>156,947</u>	<u>1,085,138</u>
Net Book Value				
At 31 August 2022	<u>346,293</u>	<u>83,897</u>	<u>123,707</u>	<u>553,897</u>
At 31 August 2021	<u>297,828</u>	<u>67,356</u>	<u>66,652</u>	<u>431,836</u>

Tangible fixed assets are held to further charitable activities.

There is a capital commitment at the year-end of £21,000.

Notes to the accounts for the year ended 31 August 2022

18. Fixed asset investments

	2022	2021
	£	£
Market value at beginning of year	288,356	250,782
Disposals proceeds	(142,533)	(71,498)
Acquisitions at cost	143,420	70,513
Cash movement	1,741	3,570
Change in value in the year	<u>(11,213)</u>	<u>34,989</u>
Market value at end of year	<u>279,771</u>	<u>288,356</u>

Historical cost	£255,803	£235,074
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The portfolio of fixed asset investments are managed by Brewin Dolphin on behalf of the charity and the valuation of the investments is provided by them at market value on the balance sheet date. The manager in the prior year and for some of the current year was UBS.

Net cash released from investments in year was £nil (2021 £nil).

Investments at fair value comprised

	2022	2021
	£	£
Equities	170,139	155,377
Asset allocation funds	-	31,184
Alternative investments	50,901	11,915
Emerging markets	8,263	
Fixed interest securities	36,783	75,448
Money market investment	-	2,489
Cash held within the investment portfolio	13,685	11,943
	<u>279,771</u>	<u>288,356</u>

19. Debtors

	2022	2021
	£	£
Amounts falling due within one year		
Trade debtors	144,184	159,604
Prepayments and accrued income	<u>120,664</u>	<u>32,974</u>
	<u>264,848</u>	<u>192,578</u>

Notes to the accounts for the year ended 31 August 2022

20. Creditors - amounts falling due within one year

	2022	2021
	£	£
Trade creditors	78,361	21,613
Taxation and social security	30,705	16,647
Other creditors	28,388	19,862
Accruals	39,932	30,178
Deferred income (note 22)	26,222	38,923
	<u>203,608</u>	<u>127,223</u>

21. Deferred income

Income deferred since relates to future training courses:

	2022	2021
	£	£
Brought forward	38,923	3,713
Released in year	(38,923)	(3,713)
Re following year	26,222	38,923
Carried forward	<u>26,222</u>	<u>38,923</u>

22. Obligations under non-cancellable operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Within one year	4,594	4,594
In two to five years	4,593	9,187
In over five years	-	-
	<u>9,187</u>	<u>13,781</u>

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

	2022	2021
	£	£
Net income / (expenditure) for year / period	230,729	194,067
Dividends received	(4,385)	(4,612)
Interest received	(513)	(137)
Depreciation and impairment of tangible fixed assets	47,641	39,727
(Gains) / losses on investments	11,213	(34,989)
(Profit) / loss on disposal of tangible fixed assets	-	(91)
(Increase) / decrease in debtors	(72,270)	(77,902)
Increase / (decrease) in creditors	76,384	38,500
	<u>288,799</u>	<u>154,563</u>

24. Financial commitments

Contractual commitments for the acquisition of tangible fixed assets contracted for but not provided in the financial statements amounted to £21,000 (2021 - £18,012 of which £7,000 was included in prepayments since it was invoiced as a deposit).

25. Post Balance sheet events

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