

REGISTERED COMPANY NUMBER: 02045777 (England and Wales)
REGISTERED CHARITY NUMBER: 519259

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020
FOR
ITEC NORTH EAST LIMITED

CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

ITEC NORTH EAST LIMITED

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for the Year Ended 31 July 2020

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ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2020

The trustees who are also non-executive directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

OBJECTIVES AND ACTIVITIES

Objectives and aims

For over 30 years ITEC North East Limited has operated as an inspirational charity across the North East with 3 strategically placed training facilities in Newton Aycliffe, Gateshead and Middlesbrough employing 35 staff.

Our charitable company's object and principal activity continues to be the provision of Apprenticeship training to young people and unemployed adults in the computing and business environment. This provision has expanded over recent years to include Digital, IT and Manufacturing industries. Our classroom based study activities include employability skills, maths, English and IT all of which are funded primarily through the Education Skills Funding Agency.

In setting our objectives and planning our activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on fee charging.

Our vision is that all of our learners reach their full potential. Our reputation for promoting learning opportunity and employability will be outstanding. We are recognised throughout the North East as a provider of choice amongst learners, employers and other key stakeholder.

Our mission is to be the North East's leading provider of innovative, skills-based vocational education and training. Working with our employers and partners our vision is to deliver to our learner's outstanding training and personal support so that they are:

I - Inspired to achieve their individual personal and qualification targets, gaining confidence, self belief and reaching their full potential.

T - Trained by talented academic staff who are experts in their fields to ensure learners progress into sustainable employment and/or further education as a result of the skills and knowledge developed.

E - Enthusiastic and positive about their future. Buying into the benefits of 'life long learning' and making positive contribution to their employer.

C - Challenged and supported by setting high standards for ourselves and encouraging high aspirations in our learners. We will provide high levels of support for both learners and staff to achieve.

The charitable company's continuing strategic objectives whilst inspirational are realistic and deliverable. Our strategic aims:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners.

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.

- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.

- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding outcomes for learners

Our strategy to achieve this aim is to equip learners with the skills most valued in the modern economy. Learners are able to work independently and be effective in their use of digital technology, English and Maths. Learners have high aspirations and are able to demonstrate team work, communication, innovation and a deep understanding of how they learn and their specialism. Keen to protect the environment and promote equality and diversity. At ITEC North East Limited teaching, learning and assessment focuses on deeper learning that leads to transferable skills.

We are graded accordingly through our own self assessment and OFSTED. Employers and learners grade us positively for the quality of their experience of ITEC and for the standards achieved, as seen in the skills and competence of our learners

- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.

ITEC North East Limited learners will experience activities, processes and environments that will engage and inspire them to identify and progress to their personal goals and careers. All aspects of their contact with ITEC will enhance achievement, progression and learning.

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In order to achieve this, services, administration and staff will work together in the interests of learners, building a culture of aspiration, excellence and personal responsibility. The Learners will receive effective support and be inspired whilst on employer or ITEC facilities learning experience will be that of feeling safe, being supported to interact effectively with staff and peers. Learners will develop as people, gain understanding of other cultures, lead healthy lifestyles, and learn from and respect each other.

- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC North East Limited.

Our strategy to achieve this aim is to develop excellent partnerships with both employers and partner organisations to ensure we meet the needs of key regional priorities. We have built a reputation in key specialisms that are important to our local economy and labour market. We offer excellent advice and guidance to learners, employers, partner organisations and parents about the local economy, training options and employer options. We will provide training to the unemployed in the skills, attitudes and expectations of employers to transition learners into work. We will work with employers to develop first class training to meet their needs, support skill shortages, and the upskilling of their existing workforce.

- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision

To achieve our strategy aim we recruit, retain and develop the very best staff. We maintain and improve staff and organisational arrangements that will support excellence in teaching and learning, and service delivery. We always aim to be an excellent employer because staff who feel valued, are productive and effective employees, and because we believe that staff are entitled to a fair and supportive environment in return for hard work, dedication and results. We provide training, development and support for staff to enhance their skills and knowledge to meet the ever changing demands in the sector and to support staff to achieve the excellent standard that learners expect and deserve. We develop a sustainable and flexible staffing model that enables achievement of our aims and addresses the challenges of the public sector funding cuts. Where savings have to be made, we aim for a fair and transparent process through genuine consultation and partnership working.

- Maintain organisational excellence in governance, quality assurance, culture and financial health and resources for learning.

Governance: To achieve our strategy aim we ensure Governance is focussed on the organisation's purpose and on outcomes for communities and learners. ITEC seeks to perform effectively both as individuals and as a team and continues to develop the capacity and capability to be highly effective. We promote values for the whole organisation and behave with integrity, taking informed transparent decisions and managing risk. We hold leaders and managers to account for the ITEC's performance, engaging with stakeholders and making accountability real.

Culture: To achieve our strategy aim we ensure culture is forged through collective beliefs, values and routines of an organisation and evident in its structures and the behaviours of staff and leaders. ITEC is committed to a set of values that underpin the culture:

- **Recognising individuality**
- **Respect**
- **Integrity**
- **Professionalism**
- **Challenge and innovate**
- **Adaptability**

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Quality Assurance: Our strategy is achieved by ensuring quality assurance and improvement is the responsibility of the whole business. We create and sustain quality systems that support excellence in Teaching, Learning and Assessment (TLA) and all other services wherever and whenever they are offered by ITEC North East Limited. Our quality systems, services and processes are supportive, informative, accessible, and driven by the use and analysis of robust data that is used to identify areas of both excellence and those in need of further development. Ensuring that the outcomes of quality processes are used to inform and support improvement, and to monitor and ensure completion of improvement plans. We continue to develop and manage quality processes that are effective and efficient in identifying our progress towards excellence, and communicate the outcomes of these effectively to inform improvement.

Financial Health and resources for Learners: To achieve this strategy we allocate the financial resources required to support and advance excellent success rates and learner and employer satisfaction; to support staff to feel valued and realise the vision for excellence; to promote ITEC's reputation and profile through industry relevant resources; and to provide opportunities for growth.

We align our delivery activity to meet our objectives and ensure it is tailor made to successfully support local businesses in various growth sectors with a range and volume of education and training provision. This includes but is not limited to customer service, manufacturing, Health and Social Care, IT and Digital Media. We also successfully deliver functional skills programmes up to level 2 which are integrated with employability skills ensuring learners can gain accredited qualifications but also with the primary purpose that they gain meaningful employment and/or progress to further training.

Our activity also includes recruiting and supporting those most disadvantaged within our community. We understand the complex needs of individuals living in the area our target group includes young people 16-18; long term unemployed, and people with disabilities (including learning difficulties); lone parents; older workers/50+; NEET group; BME groups; those out of work but not claiming benefits and individuals with basic skills needs or low/no qualifications.

We make good use of LMI and local knowledge to ensure that our strategy aims and services are fit for purpose, do not duplicate, remain current, relevant and of impact and contribute to achievement of NELEP strategic aims. We understand the social and economic indicators and policies that steer the priorities for our activity and have used them to formulate our delivery activity plans.

ITEC North East Limited was awarded both the Pathway and Routeway Youth Employment Initiative (YEI) programmes. The YEI Programme is part-funded by the European Social Fund (ESF) as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority.

1. **Tees Valley Pathway** delivers innovative solutions to young people aged 16 -29 who are struggling to achieve or progress into a positive destination. It will also supports those young people furthest away from the labour market by providing them with the skills they need to get into work and offer a flexible learning and skills fund.

2. **Tees Valley Routeways** delivers tailored routeways for young people aged 16-29 to assist them in entering into priority growth sectors including Advanced Manufacturing, Digital, Logistics, Low Carbon and Health and Social Care through a range of activities such as volunteering, internships, traineeships and apprenticeships.

ITEC North East also delivers other ESF initiatives including Skills Support for the Unemployed (SSU) and Skills Support for the Workforce (SSW).

SSU is a programme which involves the development and delivery of bespoke skills support for the unemployed and economically inactive, aligned to the LEP priorities and sectors, by providing support to local communities to deliver local training solutions engaging disadvantaged learners with innovative provision that engages people and enables them to enter into further education and/or employment.

SSW is a programme which involves the development and delivery of bespoke skills support to increase the skill levels of employed individuals, including basic skills needs, and encourage progression; particularly in SMEs and Micro businesses, again, aligned to the LEP priorities and sectors.

All of the above programmes further support ITEC's above objectives.

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REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

We consider the following criteria when measuring success in the reporting period:

- **Impact Measures**
- **Outcome Analysis**
- **Quality Standards**
- **Safety Standards**
- **Meeting the needs of local industry**
- **Workforce upskilling**
- **Equality and diversity need**
- **Economic Growth**
- **Regional social value (RSV)**
- **Cultural impact**

Impact measures:

We use Impact measurements to quantify and assess the achievement of outcomes within our current delivery we monitor participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: We use these impact measures throughout the learner journey to identify, forecast and improve learners progress by e.g. providing additional pastoral support if attendance in the work place is an issue.

Outcome Analysis

We use target outcomes to measure performance for individuals, teams and the company as a part of our continuous improvement process. These include participation, retention, achievement, progression, customer satisfaction targets and a range of quality measures.

IMPROVEMENT: Results help us to produce our annual self-assessment report (SAR) and develop a new Quality Improvement Plan (QIP) that enables us to make judgements on our provision and identify the areas we aim to improve and the actions required, and is the key focus for development activity in the coming year.

Quality Standards

We build a range of quality standards into our targets e.g. Quality of teaching and learning and Personal Development, Behaviour and Welfare, these standards form the basis of our SAR.

IMPROVEMENT: As a part of our continuous improvement process/SAR/QIP these standards are reviewed monthly and the results are used to inform improvement e.g. quality of teaching and embedding of new technology into practice.

Safety Standards

A range of Health and Safety and safe guarding standards are used within ITEC e.g. we undertake a health and safety assessment of all employer premises before entering into an agreement for apprentice training, including observation of safeguarding policies within the workplace.

IMPROVEMENT: The monitoring and review of these standards, for example informs and improves the level of support an employer can provide to an apprentice.

Meeting the needs of local industry:

We undertake a thorough business needs/training needs analysis (TNA) when we engage with employers to identify their requirements and where most value can be gained e.g. correctly identifying their IT skills gaps and agreeing the most effective way to deliver 'off the job' training. The delivery of the TNA is continuously reviewed throughout the Learners Journey

IMPROVEMENT: The identification and review of the outcome targets within the TNA enables us to improve:

- Customer relationships
- Responsiveness to local strategic priorities.
- Bespoke Apprenticeship programmes for employers

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Workforce upskilling

Each employer has a TNA completed with them and each learner has Matrix approved Information Advice and Guidance (IAG) and a designated tutor. This enables ITEC to understand and prepare for their learning journey and prepare a range of outcome measures that includes the strengths, barriers and skills gaps that employers and learners have e.g. range of staff without certain technical competence.

IMPROVEMENT: The correct identification and agreement of Workforce upskilling outcome measures enables ITEC to embed these measures within their continuous improvement process for monitoring and review. This review enables ITEC to improve its service by:

- Continuously refining their delivery to the employer and learner.
- Delivering additional value to the employer throughout delivery that may deliver e.g. greater levels of efficiency and productivity.

Equality and diversity need:

Our delivery engages a diverse and representative group of learners. As a part of our E&D delivery we deliver equal opportunity for all and have identified Dignity, Safeguarding, British Values and Welfare all key outcome targets. They are promoted and embedded in sessions ensuring a culture of mutual respect.

IMPROVEMENT: During progress reviews, progress is tracked and reviewed and tutors improve their planned learning sessions/materials to reflect the identified required improvements. The wider impact of this improvement raises the apprentice's awareness of E&D and how to contribute to wider society and life in Britain.

Economic Growth

We have identified key strategic relationships and LEP high growth sectors as key outcome targets that are planned, monitored and reviewed as a part of our performance management process.

IMPROVEMENT: By delivering our outcome targets ITEC delivers strategically relevant training to employers in high growth sectors, this enables the following improvements to be made:

- Enhances learners capacity and creativity, opportunities, and satisfaction at work;
- Empower learners to develop their full capacities and seize employment and social opportunities;
- Raise productivity of workers of enterprises;
- Contribute to boost future innovation and development;
- Encourage domestic and foreign investment, by having a high skilled workforce

Regional social value (RSV)

The RSV delivery is wide ranging across the NE. We are aware of the governments focus and regional priority towards the younger age group and those from disadvantaged backgrounds. We identified a number of outcome measures e.g. recruit 16 - 18 yr olds and NEETS from disadvantaged backgrounds, to support this and drive behaviour to improve our contribution to the NE's RSV.

IMPROVEMENT: ITEC's focus on RSV will improve learners' life chances, empower learners to develop to their full capacities and reduce the NEET levels in the NE.

Cultural impact

The cultural impact of our training is measured by tracking and reviewing, (via surveys and 1:1 reviews), a number of employer and learner outcome targets; attitudes, values, and behaviours.

IMPROVEMENT: By empowering learners via high quality apprenticeship delivery they are able to improve and make an impact on their families, friends, communities, life chances and career.

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The management was pleased to report that the charitable company generally met or over achieved its specific objectives for 2019-20.

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REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

STRATEGIC REPORT

Achievement and performance

Charitable activities

The majority of our contracts continue to perform well during such unprecedented times and following the COVID-19 Pandemic. These include our SSW and SSU programmes funded via the European Social Fund (ESF). Our YEI Programme which is part-funded by the European Social Fund as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority. Also, our AEB (Adult Education Budget) contract across Tees Valley funded via Tees Valley Combined Authority 2019-20 all further supporting our charitable objectives.

Government policy has a significant influence on the work we do as a training provider. Following significant changes to funding methodology, competition is evermore fierce to secure long term funds to support learners & employers. In addition, the high profile closure of a number of large training providers has seen the expectations posed by external bodies (ESFA, ESF, Ofsted) significantly increase under new audit regimes and inspection frameworks. Contracts are reviewed evermore frequently with underperformance dealt with swiftly, typically with the removal or significant reduction in overall contractual values.

With this in mind we continue to recruit sub-contractors to deliver provision which complements our core business activity, our current subcontractors are:

- J&K Training Limited - Functional Skills delivery in the North East.

As much of the company's core work is based on employer's premises; employers and learners are attracted from across the whole of the North East region. Our stated aim for engagement with employers is to "Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC".

The company produces strategic/development plans (currently 2020-24). These include an accommodation strategy and risk analysis and an annual detailed financial budget with the directors monitoring performance against these plans.

The management was pleased to report that the charitable company generally met its specific objectives for 2019-20.

Success/Achievement rates

Apprenticeship achievement rates for ITEC North East have declined by approximately 8.5% over the last year as a consequence of the COVID-19 pandemic. Achievement rates do remain slightly above available national averages, however we expect that these will significantly reduce following inclusion of COVID-19 impact in national datasets. For those learners who were able to remain in employment & training, 54% went on to achieve high grades of merit & distinction at end point assessment which is considerably above the national average of 36%. In addition to achieving highly, the vast majority of apprentices (95%) remained in employment following their apprenticeship, with approximately 13% gaining additional duties or promotion, despite difficult circumstances. Classroom delivery of our shorter training programmes has declined by around 13% to 84%, again as a result of the COVID-19 pandemic. However, all provision was successfully moved online, new provision introduced, and where possible learners suffering from digital poverty were supported to achieve. As stated above our SSU, SSW, Routeway and Pathway provision is delivering well against all delivery outputs and we remain one of the top performing providers within the area.

Learner numbers

The company has constantly targeted growth in apprenticeship numbers, but the reality for 2019/20 remained largely similar to the previous year at 140. Due to the onset of the COVID-19 pandemic from March 2020, and the Governments protective measure in the form of National Lockdowns, starts for the period March 2020 to July 2020 declined by 71% when compared to the same period in 2018/19. In addition, of the small number of employers in a position to recruit into new trainee positions during the height of the pandemic, unfortunately a number were unable to maintain commitment once it was clear that the pandemic was set to continue, particularly with a further lockdown looming. The Government did, towards the end of the year, provide urgent support to the sector in terms of employer incentives, however their impact was minimal at that time.

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ITEC and our subcontractors have supported a further 850 learners in our pre-employment programmes, ensuring learners develop strong practical skills. Our programmes are very successful, relevant, meet industry needs and address local and regional priorities. We align our offer to meet these needs and provide training in sector specific areas in which learners can find employment. This leads to extremely high retention and overall outcome rates on all of our programmes. Despite difficult times, to retain the overall numbers ITEC has achieved was seen as a huge success, particularly with approximately 55% of our learners progressing into further studies, employment or voluntary work.

Contracts / Values & New programmes

In 2019/20 ITEC were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract (£255,000) by supporting 54% of learners into work or further studies. Similarly our non-devolved Adult Education Contract administered by Education Skills Funding Agency was of equal success with the contract being delivered in full, together with a similar number of learners progressed into positive outcomes following training.

Beginning April 2019, ITEC were successful in tendering for two Skills Support for the Unemployed (SSU) contracts in the Tees Valley (£239,000) & North East (£654,000) regions, to be delivered over three years. In year one, ITEC have successfully delivered training to around 500 learners with 40% progressing into further studies, apprenticeships training, employment or voluntary work. The Prime Provider is very pleased with our management of the contract, flexible, relevant & responsive training offers, and close working relationships with our employers to maximise positive outcomes.

In regards to supporting employers within the region through the development and upskilling of their workforces, ITEC were successful in securing two Skills Support for the Workforce contracts in the Transitional (£80,000) and More Developed (£40,000) Local Enterprise Partnership (LEP) areas. Following detailed Training Needs Analysis (TNA's) training was delivered to more than 30 companies leading to the upskilling of 125 staff, many of which progressed 'in work' (additional duties, pay rises, promotions), or into further training opportunities either at a higher level, or into apprenticeship training.

Financial review

Financial position

The charitable company reported a surplus for the year on unrestricted funds of £18,894 (2019: £52,421). Incoming resources from charitable activities for the year were £1,929,192 compared to £1,580,872 for the previous year. Resources expended from charitable activities were £1,910,298 for the year compared to £1,528,451 in the previous year.

Investment policy and objectives

The directors have considered the most appropriate way for investing cash resources and have decided that term bank deposits meet their requirements of a reasonable rate of return, without capital risk, and with predictable accessibility to the funds. The directors review this policy on a regular basis.

Reserves policy

The directors consider that a sensible level of free reserves that the charitable company needs to hold (those reserves not invested in fixed assets or designated for particular purposes) should equate to three months of operating expenditure, as is quite normal in other concerns. This policy would therefore indicate a level of about £475,000 and at 31 July 2020 free reserves amounted to £904,858 (2019: £885,964). Our reserves are higher than indicated however, the trustees are actively seeking to invest free reserves in ways which will further the charitable objectives of the organisation. The trustees did pursue the potential acquisition of another company during 2019 which would further support ITEC's charitable objectives. However, following the results of the financial due diligence report on the prospective company it was decided the risks involved were too great to pursue the possibility any further.

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REPORT OF THE TRUSTEES for the Year Ended 31 July 2020

STRATEGIC REPORT

Future Developments

This report is published in a climate of unprecedented change and challenge, coupled with difficult economic circumstances. With the COVID-19 pandemic creating uncertainties and impact across the sector. These uncertainties are likely to continue into the future. We recognise that future challenges will continue to drive change throughout our sector. However, we will continue to invest in areas that excel and target resources to support these areas. All of these changes will impact upon ITEC's future strategy and will require us to make adjustments to processes, structures and other areas of our operation to ensure sustainability, achievement and performance.

Changing Policy Context for Skills - The charitable company continues to be funded by the Government via the Education and Skills Funding Agency (ESFA). Changes to government policy over the preceding four years has significantly altered our income streams. Almost all of our previous income was secured from the ESFA in the form of Apprenticeship and Adult Education Funding. Reductions in public sector funding and changes to the way in which apprenticeships are funded have seen ITEC NE diversify their income streams into other areas of working following successful bids for Skills Support for the Workforce (SSW), Skills Support for the Unemployed (SSU), which now account for approximately half of our overall income. In addition, we have successfully engaged with large Levy paying employers following changes to funding in 2015, which has further minimised our reliance on public funds.

The introduction of the new contracts (SSU and SSW) and Subcontracting have played an important part in growing the business turnover and profitability and some excellent working relationships have been created. It is envisaged the company will continue to work with 1 subcontractor over the coming year, albeit, the level of this activity will be reduced.

Throughout 2019/20, and primarily in response to the COVID-19 pandemic, ITEC transitioned all delivery (Apprenticeship & Short Programmes) to Adobe Connect online platforms to ensure that where possible learners could continue in training & development. In response to feedback from our learners, and to meet differing needs & learning styles, further platforms were introduced on Zoom and Google Classrooms. Additional investment was made in the development of our staff & resources to ensure that the transition to online, and the wider learning experience, was comparative to that received in a traditional classroom. Feedback from both learners and employers in this period remains excellent, and in many cases over 90%.

To further reinforce our commitment to be responsive to the needs of our learners & employers, a range of new provision was introduced throughout the year including; IT Skills- The All Rounder, Microsoft Excel-The All Rounder, IT User Skills, Principles of Customer Service, Information Advice and Guidance and Equality and Diversity. Provision to support our learners with the impact of COVID particularly in mind included; Prevention and Control of Infection and Awareness in Mental Health Problems. To support our employers in transitioning to remote & homeworking setup, and staying competitive and visible online, provision was introduced including; Digital Promotion For Business, Collaborative Technologies, Search Engine Optimisation and Remote Working. To support introduction of this provision, a new awarding body partnership was created, and investment made in the EQUALS online learning platform.

Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study. Our strategic priorities for 20/21 are to:

- Strive to achieve Outstanding Teaching, Learning and Assessment leading to Outstanding Outcomes for learners.
- Place the learner at the centre of our decision making process responding proactively to meet their individual needs and aspirations ensuring an Outstanding Learner Experience.
- Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC NE.
- Recruit, develop and retain highly competent and outstanding staff who can take forward ITEC's vision.
- Maintain organisational excellence in governance, culture, quality assurance and financial health and resources for learning.

All of these changes highlighted above will impact upon ITEC's strategy and will require us to make adjustments to processes, structures and other areas of our operation. Our strategy, whilst inspirational, is realistic and deliverable. The strategy will enable ITEC NE to develop as an independent training provider and build an outstanding portfolio of study.

ITEC NORTH EAST LIMITED

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

ITEC North East Limited is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 12th August 1986, as amended by special resolutions dated May 1992, October 1994, January and August 1999, February 2006 and September 2019. The company's registration number is 02045777. It is registered as a charity with the Charity Commission, number 519259. There are currently four members, each of whom agree to contribute £1 in the event of the charitable company winding up.

Recruitment and appointment of new trustees

The number and skills of the trustees are regularly reviewed and gaps identified. Existing members then approach suitable candidates who are invited to attend trustees' meetings, initially as observers, before being formally invited to join the board following discussion and references. The Board of Trustees implements a fair recruitment process involving provision of information on the role and skills required and a formal application process for all interested parties.

Organisational structure

The Board consists of 3 Non-Executive Directors who are Trustees, and a Managing Director. The Board of Trustees are elected by the membership. The Board have responsibility for the strategic direction and policy of the company and ensuring it meets legal requirements. In addition to quarterly meetings the Board of Trustees meet regularly to review external developments, strategy, finance and fundraising issues. The Board of Trustees have appointed staff to undertake the day to day running of the organisation led by the Managing Director delegated to manage the day-to-day operations of the organisation. The Senior Management Team, led by the Managing Director, oversees development and operations, reviews performance information, makes financial decisions within the agreed annual budget and prepares reports and recommendations for the Board of Trustees. The Managing Director is also responsible for ensuring the implementation and progress towards the outcomes identified in the 2020-24 Strategic Business Plan. The responsibility of deputising for the Managing Director was reviewed and now this is a shared responsibility across the Senior Management Team. ITEC's well established Operational Management Team monitors performance across programmes and delivery activities and encourages information cascading, sharing and cross-organisational working in addition to regular general staff meetings. Training and knowledge sharing sessions with Operational Management Team has facilitated greater synergy with Senior Management Team and this will continue.

The Managing Director supported by a senior management team comprising of Head of Operations, Head of Business Support and Performance, two Apprenticeship and Development Managers, two Funding and Administration Managers, Quality Manager, Finance Manager and Business Development Manager. Assessment and training delivery is provided by a team of 10 full time and 4 part time work based learning assessors/Tutors along with a centralised administration function. Business development and employer engagement activity is provided by a team of 4 full time business development consultants.

Pay Policy for senior staff

The trustees consider the Senior Management Team to form the key management personnel of the charity, in charge of directing and controlling, running and operating the charity on a day to day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with inflation. The trustees benchmark against pay levels in other similar organisations and charities.

Induction and training of new trustees

All Trustees have an induction which covers their legal obligations under charity and company law, summaries of the Memorandum and Articles of Association, roles and responsibilities, organisational reporting structures and staff structures, health and safety policy and procedures information. Trustees have also had policy inductions on Confidentiality, Equality and Diversity, Health and Safety and Quality. Individual reviews with Trustees are held annually with the Chair to identify specific training needs and in order to enable Trustees to share thought and suggestions around governance arrangements. Further training has been delivered to Trustees in relation to prevent awareness with internal development sessions held throughout the year. All members receive Charity Commission publications in order to keep them up to date with their role and responsibilities.

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REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
02045777 (England and Wales)

Registered Charity number
519259

Registered office
The Digital Factory Durham Way South
Aycliffe Business Park
Newton Aycliffe
County Durham
DL5 6XP

Trustees
S Bellwood Trustee
G Brown Trustee
G Wood Trustee

Company Secretary
Mrs T A Wilson

Auditors
CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

Bankers
HSBC Bank plc
21 Newgate Street
Bishop Auckland
County Durham
DL14 7HQ

Mrs T A Wilson is the charitable company's Managing Director.

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ACCOMODATION STRATEGY

The company considers that all its current leases offer good value for money and are fit for purpose.

The lease for first floor at Calvary House, 36-40 Grange Road, Middlesbrough TS1 5BQ is a flexible month by month lease. ITEC is able to vacate the premises with only a month's notice.

The lease for The Digital Factory, Durham Way South, Aycliffe Business Park is of ten years, this is due to end in September 2020. The plan will then to review and only agree to a short term annual lease going forward.

The lease at Gateshead College's Skills Academy building is of six years duration with two year breaks. The lease is due to end Feb 2021, the plan will be to review at this time.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of ITEC North East Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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


In so far as the trustees are aware:

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

AUDITORS

The auditors, CPT, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on6 April 2021..... and signed on the board's behalf by:


.....
S Bellwood - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED**

Opinion

We have audited the financial statements of ITEC North East Limited (the 'charitable company') for the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
ITEC NORTH EAST LIMITED

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of CPT
Chartered Certified Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
80 Victoria Road
Darlington
County Durham
DL1 5JG

Date: 8 April 2021

ITEC NORTH EAST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2020

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
	3				
ESFA and similar activities		1,587,235	60,500	1,647,735	1,208,600
Miscellaneous other activities		36,002	-	36,002	86,856
Subcontractors		140,001	-	140,001	181,565
Youth Employment Initiative		104,508	-	104,508	102,444
Investment income	2	<u>946</u>	<u>-</u>	<u>946</u>	<u>1,407</u>
Total		1,868,692	60,500	1,929,192	1,580,872
 EXPENDITURE ON					
Charitable activities					
	4				
ESFA and similar activities		1,620,724	60,500	1,681,224	1,271,678
Subcontractors		124,066	-	124,066	154,330
Youth Employment Initiative		104,508	-	104,508	102,443
Other		<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
Total		1,849,798	60,500	1,910,298	1,528,451
NET INCOME		18,894	-	18,894	52,421
 RECONCILIATION OF FUNDS					
Total funds brought forward		885,964	-	885,964	833,543
TOTAL FUNDS CARRIED FORWARD		<u>904,858</u>	<u>-</u>	<u>904,858</u>	<u>885,964</u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET

31 July 2020

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
FIXED ASSETS					
Tangible assets	12	29,594	-	29,594	30,457
CURRENT ASSETS					
Debtors	13	187,613	-	187,613	293,172
Cash at bank and in hand		<u>902,563</u>	<u>-</u>	<u>902,563</u>	<u>754,356</u>
		1,090,176	-	1,090,176	1,047,528
CREDITORS					
Amounts falling due within one year	14	(214,912)	-	(214,912)	(192,021)
NET CURRENT ASSETS		<u>875,264</u>	<u>-</u>	<u>875,264</u>	<u>855,507</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>904,858</u>	<u>-</u>	<u>904,858</u>	<u>885,964</u>
NET ASSETS		<u>904,858</u>	<u>-</u>	<u>904,858</u>	<u>885,964</u>
FUNDS	16				
Unrestricted funds				<u>904,858</u>	<u>885,964</u>
TOTAL FUNDS				<u>904,858</u>	<u>885,964</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2020.


The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 145 of the Charities Act 2011.

The financial statements were approved by the Board of Trustees and authorised for issue on 6 April 2021 and were signed on its behalf by:


.....
S Bellwood - Trustee

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 July 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	<u>169,707</u>	<u>(41,482)</u>
Net cash provided by/(used in) operating activities		<u>169,707</u>	<u>(41,482)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(22,446)	(12,247)
Interest received		<u>946</u>	<u>1,407</u>
Net cash used in investing activities		<u>(21,500)</u>	<u>(10,840)</u>
<hr/>			
Change in cash and cash equivalents in the reporting period		148,207	(52,322)
Cash and cash equivalents at the beginning of the reporting period		<u>754,356</u>	<u>806,678</u>
Cash and cash equivalents at the end of the reporting period		<u><u>902,563</u></u>	<u><u>754,356</u></u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 July 2020

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

	2020	2019
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	18,894	52,421
Adjustments for:		
Depreciation charges	23,309	20,915
Interest received	(946)	(1,407)
Decrease/(increase) in debtors	105,559	(37,814)
Increase/(decrease) in creditors	<u>22,891</u>	<u>(75,597)</u>
Net cash provided by/(used in) operations	<u><u>169,707</u></u>	<u><u>(41,482)</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.19	Cash flow	At 31.7.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>754,356</u>	<u>148,207</u>	<u>902,563</u>
	<u>754,356</u>	<u>148,207</u>	<u>902,563</u>
Total	<u><u>754,356</u></u>	<u><u>148,207</u></u>	<u><u>902,563</u></u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 July 2020

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities are the direct costs of training, staff costs, depreciation of fixed assets and other service related costs.

Governance costs

Governance costs include those incurred in the governance of the charitable company and its assets and are primarily concerned with constitutional and statutory requirements. They include an allocation of staff costs involved in attending and preparing for the meetings of the directors.

Tangible fixed assets

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

Office equipment	- 33% on cost
Fixtures and fittings	- 12.5% on cost
Software	- 33% on cost

Taxation

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

Fund accounting

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

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

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

1. ACCOUNTING POLICIES - continued

Value added taxation

Value added tax is only partially recoverable by the charitable company. The irrecoverable amount is included as a separate cost in the Statement of Financial Activities.

Restricted income

Income received for specific purposes is credited to restricted funds and transferred to unrestricted funds as expenditure fulfilling the restrictions imposed is incurred; in the case of fixed assets, this transfer is in line with the depreciation charge.

2. INVESTMENT INCOME

	2020	2019
	£	£
Deposit account interest	<u>946</u>	<u>1,407</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2020	2019
	Activity	£	£
ESFA income	ESFA and similar activities	829,620	931,352
College income	ESFA and similar activities	237,822	183,820
Other sales	ESFA and similar activities	400	-
Grants	ESFA and similar activities	40,354	-
Employer co-investment	ESFA and similar activities	9,547	19,928
Employer incentive payments	ESFA and similar activities	60,500	73,500
PP income	ESFA and similar activities	346,443	-
TV income	ESFA and similar activities	123,049	-
Other sales	Miscellaneous other activities	36,002	86,856
Subcontractors	Subcontractors	140,001	181,565
Youth Employment Initiative	Youth Employment Initiative	<u>104,508</u>	<u>102,444</u>
		<u>1,928,246</u>	<u>1,579,465</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5)	Support costs (see note 6)	Totals
	£	£	£
ESFA and similar activities	1,672,934	8,290	1,681,224
Subcontractors	124,066	-	124,066
Youth Employment Initiative	<u>104,508</u>	-	<u>104,508</u>
	<u>1,901,508</u>	<u>8,290</u>	<u>1,909,798</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2020	2019
	£	£
Trustees' remuneration etc	-	70,253
Staff costs	1,137,617	832,700
Hire of plant and machinery	1,539	2,158
Subcontractors	124,066	154,330
Insurance	6,130	5,637
Telephone	9,678	8,665
Postage and stationery	9,504	11,169
Advertising	9,913	16,914
Sundries	4,163	6,315
Training purchased	131,489	22,163
Trainees' expenses	8,722	17,439
Tuition/course fees and registration	154,583	85,246
Disallowed VAT	34,262	26,924
Staff training	3,900	6,768
Rent and rates	76,695	83,858
Cleaning	3,568	3,838
Repairs and renewals	15,900	13,257
Motor and travel	26,447	32,215
Legal and professional	1,086	3,404
Bank charges	354	383
Trade subscriptions	27,115	16,987
Consultancy fees	7,301	5,163
Employer incentive payments	60,500	73,500
Professional fees on potential acquisition	23,666	-
Depreciation	23,310	20,915
	<u>1,901,508</u>	<u>1,520,201</u>

6. SUPPORT COSTS

	Governance costs
	£
ESFA and similar activities	<u>8,290</u>

7. NET INCOME/(EXPENDITURE)

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

	2020	2019
	£	£
Auditors' remuneration	4,950	4,950
Depreciation - owned assets	23,309	20,915
Hire of plant and machinery	<u>1,539</u>	<u>2,158</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

8. TRUSTEES' REMUNERATION AND BENEFITS

	2020	2019
	£	£
Trustees' salaries	-	62,400
Trustees' social security	<u>-</u>	<u>7,853</u>
	<u>-</u>	<u>70,253</u>

T Wilson was the charitable company's Managing Director for the whole year. The Memorandum and Articles of Association make provision for the payment of reasonable remuneration to any person holding office as Managing Director for work undertaken whilst holding that office. During the year, T Wilson was paid a gross salary of £66,900 including bonus (2019: £62,400).

Expenses

T Wilson received £43 (2019: £NIL) for mileage and other travelling expenses. None of the trustees received any remuneration from or were reimbursed any expenses by the charitable company (2019: £NIL).

9. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	1,038,938	814,707
Social security costs	80,576	76,504
Other pension costs	<u>20,103</u>	<u>13,742</u>
	<u>1,139,617</u>	<u>904,953</u>

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

	2020	2019
Management	7	7
Teaching and learning	17	13
Recruitment	4	4
Information technology	1	1
Administration and accounts	4	4
Quality	<u>2</u>	<u>2</u>
	<u>35</u>	<u>31</u>

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

	2020	2019
£60,001 - £70,000	<u>1</u>	<u>1</u>

Staff costs of £2,000 (2019: £2,000) have been allocated to support costs.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
ESFA and similar activities	1,135,100	73,500	1,208,600
Miscellaneous other activities	86,856	-	86,856
Subcontractors	181,565	-	181,565
Youth Employment Initiative	102,444	-	102,444
Investment income	<u>1,407</u>	<u>-</u>	<u>1,407</u>
Total	1,507,372	73,500	1,580,872
EXPENDITURE ON			
Charitable activities			
ESFA and similar activities	1,198,178	73,500	1,271,678
Subcontractors	154,330	-	154,330
Youth Employment Initiative	102,443	-	102,443
Total	<u>1,454,951</u>	<u>73,500</u>	<u>1,528,451</u>
NET INCOME	52,421	-	52,421
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>833,543</u>	<u>-</u>	<u>833,543</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>885,964</u></u>	<u><u>-</u></u>	<u><u>885,964</u></u>

11. PENSION COMMITMENTS

Contributions payable by the charitable company amounted to £20,103 (2019: £13,742) and all contributions were paid in the period.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

12. TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures and fittings £	Software £	Totals £
COST				
At 1 August 2019	120,225	16,773	2,700	139,698
Additions	<u>22,446</u>	<u>-</u>	<u>-</u>	<u>22,446</u>
At 31 July 2020	<u>142,671</u>	<u>16,773</u>	<u>2,700</u>	<u>162,144</u>
DEPRECIATION				
At 1 August 2019	96,872	9,669	2,700	109,241
Charge for year	<u>21,638</u>	<u>1,671</u>	<u>-</u>	<u>23,309</u>
At 31 July 2020	<u>118,510</u>	<u>11,340</u>	<u>2,700</u>	<u>132,550</u>
NET BOOK VALUE				
At 31 July 2020	<u>24,161</u>	<u>5,433</u>	<u>-</u>	<u>29,594</u>
At 31 July 2019	<u>23,353</u>	<u>7,104</u>	<u>-</u>	<u>30,457</u>

All fixed assets are used for charitable purposes.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	4,649	5,224
Other debtors	8,452	4,917
VAT	669	2,600
Accrued income	158,037	263,913
Prepayments	<u>15,806</u>	<u>16,518</u>
	<u>187,613</u>	<u>293,172</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	52,108	22,691
Social security and other taxes	15,173	16,627
Other creditors	4,065	3,846
Accrued expenses	<u>143,566</u>	<u>148,857</u>
	<u>214,912</u>	<u>192,021</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

15. LEASING AGREEMENTS

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

	2020 £	2019 £
Within one year	13,925	43,832
Between one and five years	<u>-</u>	<u>49,264</u>
	<u>13,925</u>	<u>93,096</u>

16. MOVEMENT IN FUNDS

	At 1.8.19 £	Net movement in funds £	At 31.7.20 £
Unrestricted funds			
General fund	885,964	18,894	904,858
	<u>885,964</u>	<u>18,894</u>	<u>904,858</u>
TOTAL FUNDS	<u>885,964</u>	<u>18,894</u>	<u>904,858</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,868,692	(1,849,798)	18,894
Restricted funds			
Employer Incentive Payments	60,500	(60,500)	-
	<u>1,929,192</u>	<u>(1,910,298)</u>	<u>18,894</u>
TOTAL FUNDS	<u>1,929,192</u>	<u>(1,910,298)</u>	<u>18,894</u>

Comparatives for movement in funds

	At 1.8.18 £	Net movement in funds £	At 31.7.19 £
Unrestricted funds			
General fund	833,543	52,421	885,964
	<u>833,543</u>	<u>52,421</u>	<u>885,964</u>
TOTAL FUNDS	<u>833,543</u>	<u>52,421</u>	<u>885,964</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

16. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,507,372	(1,454,951)	52,421
Restricted funds			
Employer Incentive Payments	73,500	(73,500)	-
TOTAL FUNDS	<u>1,580,872</u>	<u>(1,528,451)</u>	<u>52,421</u>

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

	At 1.8.18 £	Net movement in funds £	At 31.7.20 £
Unrestricted funds			
General fund	833,543	71,315	904,858
TOTAL FUNDS	<u>833,543</u>	<u>71,315</u>	<u>904,858</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,376,064	(3,304,749)	71,315
Restricted funds			
Employer Incentive Payments	134,000	(134,000)	-
TOTAL FUNDS	<u>3,510,064</u>	<u>(3,438,749)</u>	<u>71,315</u>

Apprenticeship Grant for Employers (AGE) is a government run scheme to encourage employers to develop their business and take on new apprentices.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2020.

18. DEBENTURE

There is a fixed and floating charge debenture held over the assets of the organisation. The debenture was security on a bank loan imposed on 13 October 2005. The loan has been repaid in full however a nil value debenture is still in place.

ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2020

	2020	2019
	£	£
INCOME AND ENDOWMENTS		
Investment income		
Deposit account interest	946	1,407
Charitable activities		
ESFA income	829,620	931,352
College income	237,822	183,820
Other sales	36,402	86,856
Subcontractors	140,001	181,565
Grants	40,354	-
Youth Employment Initiative	104,508	102,444
Employer co-investment	9,547	19,928
Employer incentive payments	60,500	73,500
PP income	346,443	-
TV income	123,049	-
	<u>1,928,246</u>	<u>1,579,465</u>
Total incoming resources	1,929,192	1,580,872
EXPENDITURE		
Charitable activities		
Trustees' salaries	-	62,400
Trustees' social security	-	7,853
Wages	1,036,938	750,307
Social security	80,576	68,651
Pensions	20,103	13,742
Hire of plant and machinery	1,539	2,158
Subcontractors	124,066	154,330
Insurance	6,130	5,637
Telephone	9,678	8,665
Postage and stationery	9,504	11,169
Advertising	9,913	16,914
Sundries	4,163	6,315
Training purchased	131,489	22,163
Trainees' expenses	8,722	17,439
Tuition/course fees and registration	154,583	85,246
Disallowed VAT	34,262	26,924
Staff training	3,900	6,768
Rent and rates	76,695	83,858
Cleaning	3,568	3,838
Repairs and renewals	15,900	13,257
Motor and travel	26,447	32,215
Legal and professional	1,086	3,404
Bank charges	354	383
Trade subscriptions	27,115	16,987
Consultancy fees	7,301	5,163
Carried forward	1,794,032	1,425,786

This page does not form part of the statutory financial statements

ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2020

	2020	2019
	£	£
Charitable activities		
Brought forward	1,794,032	1,425,786
Employer incentive payments	60,500	73,500
Professional fees on potential acquisition	23,666	-
Office equipment	21,638	19,332
Fixtures and fittings	<u>1,672</u>	<u>1,583</u>
	1,901,508	1,520,201
Other		
Bad debt write off	500	-
Support costs		
Governance costs		
Wages	2,000	2,000
Auditors' remuneration	4,950	4,950
Trustees indemnity insurance	<u>1,340</u>	<u>1,300</u>
	<u>8,290</u>	<u>8,250</u>
Total resources expended	<u>1,910,298</u>	<u>1,528,451</u>
Net income	<u><u>18,894</u></u>	<u><u>52,421</u></u>

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