

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022
FOR
ITEC NORTH EAST LIMITED

CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
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ITEC NORTH EAST LIMITED

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for the Year Ended 31 July 2022

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ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES for the Year Ended 31 July 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

For 40 years ITEC North East Limited has operated as an inspirational charity across the North East with 3 strategically placed training facilities in Newton Aycliffe, Middlesbrough and Hartlepool employing over 30 staff. The Hartlepool facility will shortly be closing due to the contract ending.

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, IT, and Digital Marketing, all of which are funded primarily through the Education Skills Funding Agency, or devolved areas.

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 stakeholders

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 'lifelong 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.

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- 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.

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:

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REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

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

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, mental health & wellbeing, manufacturing, health & social care, IT, digital marketing and cyber security. 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 support 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 Workforce (SSW), North East Achieves (NEA) and Communities Work (CW).

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.

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NEA is a programme to train and support people into work by providing 6 months of post-programme interactions to support progression into work and continued learning, once in employment. Programmes develop vocational skills aligned to employment demand, as well as relevant functional and employability skills.

CW is a programme providing vocational, employability and functional skills development to support progression towards and into employment/volunteering/learning.

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

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 learner's 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 2021-22.

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REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

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 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 2021-22 further supports our charitable objectives.

Government policy has a significant influence on the work we do as a training provider. Following 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) measurably increase under new audit regimes and inspection frameworks, the COVID Pandemic naturally brought about additional challenges. Contracts are reviewed evermore frequently with further measures introduced in 2021-22 such as the Apprenticeship Accountability Framework. Underperformance is dealt with swiftly, typically with the removal or reduction in overall contractual values. Although some flexibilities were given for the challenges brought about by the COVID Pandemic, these were short-lived with the expectation of 'business as normal' from August 2021 despite further challenges into and beyond 2021-22 connected with the spiralling cost of living crisis.

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

- Trade Tech Northern Limited - Entry to employment in the North East (priority sectors construction, engineering, logistic)

As much of the company's core work is based on employer's premises or online; 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 onset of the COVID-19 pandemic in March 2020 naturally impacted ITEC NE's normal business operations, those of our employers, and wider stakeholders. The management was pleased to report that the charitable company generally maintained its specific objectives for 2021-22. Two key addendums were added to the strategic plan in September 2021 (COVID 19 Pandemic & Safeguarding), and July 2022 (Cost of Living Crisis).

Success/Achievement rates

Apprenticeship achievement rates for ITEC North East have broadly remained static over the last year as an ongoing consequence of the COVID-19 pandemic, and more recently the spiralling cost of living crisis. National Averages released in 20/21 did, as expected, significantly reduce following the inclusion of the impact of the pandemic, however our own rates remain approximately 10% above suggesting that we navigated the pandemic more successfully than most other providers. 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, approximately 90% of apprentices remained in employment following their apprenticeship despite difficult circumstances. Classroom delivery of our shorter training programmes remains good at 90%. All training can now be delivered in a classroom setting or online, we continued to introduce new provision, and where possible learners suffering from digital and other forms of poverty were supported to achieve. As stated above our SSW, NEA, CW, 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 2021/22 showed a slight decline to 107 (four year downward trend). 2021/22 was targeted as a significant year of recovery with the direct impacts of the pandemic behind us. However, from early 2021 the spiralling cost of living crisis, further exacerbated by Russia's invasion of Ukraine, negatively impacted our intent. Record high inflation, uncapped energy prices, significant increases in cost of goods / services all stifled our employer's capabilities to recruit and also retain staff.

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ITEC and our subcontractors have supported over 750 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 2021/22 ITEC were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract by supporting 35% of learners into work or further studies.

Beginning September 2021, ITEC were successful in tendering for two contracts for North East Achieves (Transitional and More Developed Areas), and one for Communities Work (Transitional Area). Contracts are to be completed by June 2023 with the collective aim of supporting 1300 participants gain a range of vocational, employability and functional skills dependant on their starting point and personal aims (e.g. learning, progression, employment). The Prime Provider is very pleased with our management of the contract, flexible, relevant & responsive training offers, and close working relationships with our employers and partner organisations 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 further Skills Support for the Workforce contracts in the Transitional and More Developed 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 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 £164,905 (2021: £149,571). Incoming resources from charitable activities for the year were £1,735,032 compared to £1,934,875 for the previous year. Resources expended from charitable activities were £1,570,127 for the year compared to £1,785,304 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 2022 free reserves amounted to £1,156,063 (2021: £1,033,257). 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.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES **for the Year Ended 31 July 2022**

STRATEGIC REPORT

Future Developments

This report is published in a climate of unprecedented change and challenge, coupled with difficult economic circumstances following the aftermath of the COVID-19 pandemic, and the spiralling cost of living crisis, both of which continue to create uncertainties and impact across the sector. These uncertainties are likely to continue into the future with the global instability created by the continuing invasion of Ukraine by Russia, record high inflation, unpredictable fuel & energy costs, and the disruption to global supply chains. The negative impact to both households and businesses can be seen through measures such as the increase use of food banks, digital poverty optics, increase mental health referral, frequency of workforce strikes, business downsizing / redundancy rates.

Directly relating to our sector we note the end to ESF funding moving into 2023, many of which are projects that are either fully or part funded. Competition is fierce to secure future funding, particularly with many classroom based providers becoming 'accidental experts' in delivering online as a result of the COVID-19 pandemic. This has allowed providers to tender for funding outside of their usual footprint, either at a regional or national level.

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), North East Achieves (NEA), Communities Work (CW), Kickstart, and devolved Adult Education Funding 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 and Subcontracting have played an important part in growing the business turnover and profitability and some excellent working relationships have been created.

Throughout 2019/20 and 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 2020/21 an Online Learning Strategy was introduced to build on our strengths and address areas for development. The Strategy continues to focus on four key aims: Learners, Staff, Enhance Practice, Infrastructure. Continued investment in the development of our staff & resources ensures that the learning experience is comparative to that received in a traditional classroom. Throughout 2021/22 the strategy has moved forward considerably with the rollout of digital classrooms for short provision, production of digital content, on boarding of new systems such as Microsoft Teams and Hubspot. The continual upskilling of our own work force has created a culture whereby staff embrace digital technologies allowing delivery to take place on line or classroom based, and where systems or processes can quickly be refined to add to the overall stakeholder experience and drive standards. Feedback from both learners and employers in 2021/22 was 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; L1 & 2 Cyber, L2 Digital Skills & IT, E/L1 Essential IT. The rollout of our VideoTile platform in 2020/21 continued from strength to strength in 2021/22. This online platform offers over 150 short (typically <2 hours) self-study courses in areas such as Digital, Business, Health & Wellbeing and Personal development; all courses are made available for free to existing learners. The platform is very well received through our work with the unemployed allowing participants to enhance C. Vs in specialist areas such as manufacturing, health and safety, food and drink.

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 22/23 are to:

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

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- 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.

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. 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 Chief Executive Officer delegated to manage the day-to-day operations of the organisation. The Senior Management Team, led by the Chief Executive Officer, 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 Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer supported by a senior management team comprising of Head of Operations, Head of Business Support and Performance, Funding and Administration Manager, Quality Manager, Finance Manager and Business Development Manager. Assessment and training delivery is provided by a team of 8 assessors/Tutors along with a centralised administration function. Business development and employer engagement activity is provided by a team of 3 business development consultants/lead generators.

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.

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STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

Key management remuneration

The charitable company recognises the Chief Executive Officer, Head of Operations and Head of Business Support and Performance as the key management. The aggregate gross salaries for these roles, including bonuses, for the year ended 31 July 2022 were £167,316 (2021: £171,776).

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02045777 (England and Wales)

Registered Charity number

519259

Registered office

ITEC House
Hilton Road
Aycliffe Business Park
Newton Aycliffe
County Durham
DL5 6EN

Trustees

S Bellwood Trustee
G Brown Trustee
G Wood Trustee

Company Secretary

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

The day to day management of the charity is delegated to T A Wilson, the Chief Executive Officer.

ITEC NORTH EAST LIMITED

REPORT OF THE TRUSTEES
for the Year Ended 31 July 2022

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 was an initial three year lease that has now ended. ITEC is able to vacate the premises following a specified notice period.

The lease for The Digital Factory, Durham Way South, Aycliffe Business Park is out of its ten years, this ended in September 2020. These premises were vacated in September 2022.

A new lease commenced September 2022 for a period of 7 years, having a first break September 2027, for Itec House, Hilton Road, Aycliffe Industrial Estate, DL5 6EN.

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.

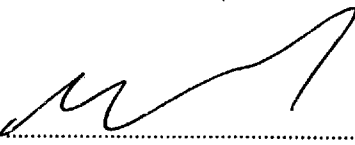
In so far as the trustees are aware:

- 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, on 29/3/23 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 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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

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

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

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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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:

Assessing and responding to risks of material misstatement due to non-compliance with laws and regulations:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with key management in their identification and policies and procedures regarding compliance with laws and regulations.

The identified laws and regulations were shared with the audit team and the team remained alert to indications of non-compliance throughout the audit.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including the Charities SORP). We determined that the following laws and regulations were most significant; Employment Rights, Health and Safety at Work, Safeguarding Children and Pensions legislation. Whilst the charitable company is subject to other laws and regulations, we did not identify any others where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, including going concern.

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

We undertook a thorough review of the board minutes with a view to identifying any instances of non-compliance. Assessing and responding to risks of material misstatement due to fraud:

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur. We considered the opportunities and incentives that may exist within the organisation for fraud, we also considered the impact of any business targets, the personal financial circumstances of management and staff to create a driver for fraud. We identified the greatest potential for fraud in the following areas; posting of fraudulent journal entries, authorisation, processing, payment of fraudulent expenses and revenue recognition.

Audit procedures performed by the engagement team included:

- Enquiring of key management as to the procedures and policies to prevent and detect fraud.
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- Testing income, in particular cut off testing, to establish if income has been recorded in the correct period.

The identified fraud risks were shared with the audit team and the team remained alert to indications of fraud throughout the audit.

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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: 30/3/23

ITEC NORTH EAST LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
for the Year Ended 31 July 2022**

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
	3				
ESFA and similar activities		1,309,323	13,315	1,322,638	1,548,705
Miscellaneous other activities		260	-	260	3,912
Subcontractors		270,312	-	270,312	282,332
Youth Employment Initiative		141,412	-	141,412	99,863
Investment income	2	410	-	410	63
Total		<u>1,721,717</u>	<u>13,315</u>	<u>1,735,032</u>	<u>1,934,875</u>
EXPENDITURE ON					
Charitable activities					
	4				
ESFA and similar activities		1,184,636	13,315	1,197,951	1,451,305
Subcontractors		229,764	-	229,764	233,636
Youth Employment Initiative		141,412	-	141,412	99,863
Other		1,000	-	1,000	500
Total		<u>1,556,812</u>	<u>13,315</u>	<u>1,570,127</u>	<u>1,785,304</u>
NET INCOME		164,905	-	164,905	149,571
RECONCILIATION OF FUNDS					
Total funds brought forward		1,054,429	-	1,054,429	904,858
TOTAL FUNDS CARRIED FORWARD		<u><u>1,219,334</u></u>	<u><u>-</u></u>	<u><u>1,219,334</u></u>	<u><u>1,054,429</u></u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET

31 July 2022

	Notes	Unrestricted fund £	Restricted funds £	2022 Total funds £	2021 Total funds £
FIXED ASSETS					
Intangible assets	12	35,000	-	35,000	-
Tangible assets	13	28,271	-	28,271	21,172
		<u>63,271</u>	-	<u>63,271</u>	<u>21,172</u>
CURRENT ASSETS					
Debtors	14	171,966	-	171,966	139,556
Cash at bank and in hand		1,441,101	-	1,441,101	1,314,685
		<u>1,613,067</u>	-	<u>1,613,067</u>	<u>1,454,241</u>
CREDITORS					
Amounts falling due within one year	15	(457,004)	-	(457,004)	(420,984)
		<u>1,156,063</u>	-	<u>1,156,063</u>	<u>1,033,257</u>
NET CURRENT ASSETS					
		<u>1,219,334</u>	-	<u>1,219,334</u>	<u>1,054,429</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>1,219,334</u>	-	<u>1,219,334</u>	<u>1,054,429</u>
NET ASSETS					
		<u>1,219,334</u>	-	<u>1,219,334</u>	<u>1,054,429</u>
FUNDS					
Unrestricted funds	17			<u>1,219,334</u>	<u>1,054,429</u>
TOTAL FUNDS					
				<u>1,219,334</u>	<u>1,054,429</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2022.

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 29/3/23 and were signed on its behalf by:

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

BALANCE SHEET - continued

31 July 2022



.....
S Bellwood - Trustee

ITEC NORTH EAST LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 July 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	181,960	417,428
Net cash provided by operating activities		<u>181,960</u>	<u>417,428</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(35,000)	-
Purchase of tangible fixed assets		(20,954)	(5,369)
Interest received		410	63
Net cash used in investing activities		<u>(55,544)</u>	<u>(5,306)</u>
Change in cash and cash equivalents in the reporting period		<u>126,416</u>	<u>412,122</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,314,685</u>	<u>902,563</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,441,101</u></u>	<u><u>1,314,685</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 2022**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2022 £	2021 £	
Net income for the reporting period (as per the Statement of Financial Activities)	164,905	149,571	
Adjustments for:			
Depreciation charges	13,855	13,791	
Interest received	(410)	(63)	
(Increase)/decrease in debtors	(32,410)	48,057	
Increase in creditors	36,020	206,072	
Net cash provided by operations	<u>181,960</u>	<u>417,428</u>	
2. ANALYSIS OF CHANGES IN NET FUNDS	At 1.8.21 £	Cash flow £	At 31.7.22 £
Net cash			
Cash at bank and in hand	1,314,685	126,416	1,441,101
	<u>1,314,685</u>	<u>126,416</u>	<u>1,441,101</u>
Total	<u>1,314,685</u>	<u>126,416</u>	<u>1,441,101</u>

The notes form part of these financial statements

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 July 2022

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.

The charitable company is private limited by guarantee, incorporated in England. Registration numbers and registered office are listed in the Report of the Trustees, reference and administrative details.

The presentation currency of the financial statements is the Pound Sterling (£).

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.

Income received from contracts is recognised when the performance criteria is met.

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.

Intangible assets

Intangible assets comprise of systems and web-based applications that have been developed to provide future economic benefit to the charitable company. These assets are amortised over a 10 year period.

Tangible fixed assets

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

Leasehold property improvements	- in accordance with the property
Office equipment	- 33% on cost
Fixtures and fittings	- 12.5% on cost
Software	- 33% on cost

Leasehold improvements are written off over the length of the remaining lease.

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.

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

1. ACCOUNTING POLICIES - continued

Fund accounting

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.

Financial instruments

The charity only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, these are measured at amortised cost with changes recognised in the statement of financial activities.

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.

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

	2022	2021
	£	£
Deposit account interest	410	63
	<u>410</u>	<u>63</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2022	2021
	Activity	£	£
ESFA income	ESFA and similar activities	519,045	757,840
College income	ESFA and similar activities	409,068	330,651
Employer co-investment	ESFA and similar activities	8,128	17,613
Employer incentive payments	ESFA and similar activities	-	37,500
PP income	ESFA and similar activities	10,262	162,477
TV income	ESFA and similar activities	275,275	213,159
Kickstart	ESFA and similar activities	100,860	29,465
Other sales	Miscellaneous other activities	260	3,912
Subcontractors	Subcontractors	270,312	282,332
Youth Employment Initiative	Youth Employment Initiative	141,412	99,863
		<u>1,734,622</u>	<u>1,934,812</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Support costs (see note 6) £	Totals £
ESFA and similar activities	1,189,677	8,274	1,197,951
Subcontractors	229,764	-	229,764
Youth Employment Initiative	141,412	-	141,412
	<u>1,560,853</u>	<u>8,274</u>	<u>1,569,127</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2022 £	2021 £
Staff costs	833,888	950,592
Hire of plant and machinery	1,504	1,539
Subcontractors	229,764	233,636
Insurance	6,210	6,978
Telephone	10,551	11,257
Postage and stationery	5,678	4,844
Advertising	56,919	15,394
Sundries	4,036	9,105
Training purchased	64,159	140,865
Trainees' expenses	5,819	9,596
Tuition/course fees and registration	92,004	141,947
Disallowed VAT	44,994	17,848
Staff training	20,360	22,778
Rent and rates	80,772	90,222
Cleaning	8,950	2,330
Repairs and renewals	24,755	36,900
Motor and travel	15,520	6,514
Legal and professional	336	492
Bank charges	308	302
Trade subscriptions	19,490	17,595
Consultancy fees	20,981	4,450
Employer incentive payments	-	37,500
Depreciation	13,855	13,790
	<u>1,560,853</u>	<u>1,776,474</u>

ITEC NORTH EAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022**

6. SUPPORT COSTS

	Governance costs
	£
ESFA and similar activities	8,274
	<u>8,274</u>

7. NET INCOME/(EXPENDITURE)

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

	2022	2021
	£	£
Auditors' remuneration	4,950	4,950
Depreciation - owned assets	13,855	13,791
Hire of plant and machinery	1,504	1,539
	<u>19,309</u>	<u>19,280</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

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

Trustees' expenses

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

9. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	750,136	860,340
Social security costs	69,505	74,845
Other pension costs	16,247	17,407
	<u>835,888</u>	<u>952,592</u>

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

	2022	2021
Management	6	6
Teaching and learning	10	15
Recruitment	7	3
Information technology	-	1
Administration and accounts	6	4
Quality	2	2
	<u>31</u>	<u>31</u>

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

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

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

9. STAFF COSTS - continued

Staff costs of £2,000 (2021: £2,000) have been allocated to support costs.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
ESFA and similar activities	1,511,205	37,500	1,548,705
Miscellaneous other activities	3,912	-	3,912
Subcontractors	282,332	-	282,332
Youth Employment Initiative	99,863	-	99,863
Investment income	63	-	63
Total	<u>1,897,375</u>	<u>37,500</u>	<u>1,934,875</u>
EXPENDITURE ON			
Charitable activities			
ESFA and similar activities	1,413,805	37,500	1,451,305
Subcontractors	233,636	-	233,636
Youth Employment Initiative	99,863	-	99,863
Other	500	-	500
Total	<u>1,747,804</u>	<u>37,500</u>	<u>1,785,304</u>
NET INCOME	149,571	-	149,571
RECONCILIATION OF FUNDS			
Total funds brought forward	904,858	-	904,858
TOTAL FUNDS CARRIED FORWARD	<u><u>1,054,429</u></u>	<u><u>-</u></u>	<u><u>1,054,429</u></u>

11. PENSION COMMITMENTS

Contributions payable by the charitable company amounted to £16,247 (2021: £17,407) and all contributions were paid in the period.

ITEC NORTH EAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022**

12. INTANGIBLE FIXED ASSETS

	Systems and web-based applications £
COST	
Additions	35,000
NET BOOK VALUE	
At 31 July 2022	35,000
At 31 July 2021	-

13. TANGIBLE FIXED ASSETS

	Leasehold property improvements £	Office equipment £	Fixtures and fittings £	Software £	Totals £
COST					
At 1 August 2021	-	148,040	16,773	2,700	167,513
Additions	9,750	11,204	-	-	20,954
Disposals	-	(109,808)	-	(2,700)	(112,508)
At 31 July 2022	9,750	49,436	16,773	-	75,959
DEPRECIATION					
At 1 August 2021	-	130,988	12,653	2,700	146,341
Charge for year	-	12,779	1,076	-	13,855
Eliminated on disposal	-	(109,808)	-	(2,700)	(112,508)
At 31 July 2022	-	33,959	13,729	-	47,688
NET BOOK VALUE					
At 31 July 2022	9,750	15,477	3,044	-	28,271
At 31 July 2021	-	17,052	4,120	-	21,172

All fixed assets are used for charitable purposes.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	18,657	7,474
Other debtors	6,280	7,032
VAT	14,369	2,118
Accrued income	114,962	102,943
Prepayments	17,698	19,989
	171,966	139,556

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	40,555	82,820
Social security and other taxes	15,640	13,639
Other creditors	-	3,243
Accruals and deferred income	400,809	321,282
	<u>457,004</u>	<u>420,984</u>

Included in Accruals and deferred income is £176,186 (2021: £45,523) relating to fees paid in advance for Digital Skills income, for services not yet delivered after an extension to the contract. In 2021 there was also a clawback provision for TVC income of £33,860, nil for 2022. The deferred income will be recognised in future accounting period(s) once the criteria for income recognition are met.

16. LEASING AGREEMENTS

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

	2022	2021
	£	£
Within one year	-	13,925
	<u>-</u>	<u>13,925</u>

17. MOVEMENT IN FUNDS

	At 1.8.21	Net movement in funds	At 31.7.22
	£	£	£
Unrestricted funds			
General fund	1,054,429	164,905	1,219,334
	<u>1,054,429</u>	<u>164,905</u>	<u>1,219,334</u>
TOTAL FUNDS			
	<u>1,054,429</u>	<u>164,905</u>	<u>1,219,334</u>

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

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,721,717	(1,556,812)	164,905
Restricted funds			
Kick Start Scheme	13,315	(13,315)	-
	<u>1,735,032</u>	<u>(1,570,127)</u>	<u>164,905</u>
TOTAL FUNDS			
	<u>1,735,032</u>	<u>(1,570,127)</u>	<u>164,905</u>

ITEC NORTH EAST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022**

17. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.8.20 £	Net movement in funds £	At 31.7.21 £
Unrestricted funds			
General fund	904,858	149,571	1,054,429
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>904,858</u>	<u>149,571</u>	<u>1,054,429</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,897,375	(1,747,804)	149,571
Restricted funds			
Employer Incentive Payments	37,500	(37,500)	-
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,934,875</u>	<u>(1,785,304)</u>	<u>149,571</u>

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

	At 1.8.20 £	Net movement in funds £	At 31.7.22 £
Unrestricted funds			
General fund	904,858	314,476	1,219,334
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>904,858</u>	<u>314,476</u>	<u>1,219,334</u>

ITEC NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2022

17. MOVEMENT IN FUNDS - continued

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	3,619,092	(3,304,616)	314,476
Restricted funds			
Employer Incentive Payments	37,500	(37,500)	-
Kick Start Scheme	13,315	(13,315)	-
	<u>50,815</u>	<u>(50,815)</u>	<u>-</u>
TOTAL FUNDS	<u><u>3,669,907</u></u>	<u><u>(3,355,431)</u></u>	<u><u>314,476</u></u>

18. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>17,500</u>	<u>-</u>

Signage and partitions were ordered prior to the year end but not delivered and installed until the 2022/23 year.

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2022.

20. 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 2022

	2022	2021
	£	£
INCOME AND ENDOWMENTS		
Investment income		
Deposit account interest	410	63
Charitable activities		
ESFA income	519,045	757,840
College income	409,068	330,651
Other sales	260	3,912
Subcontractors	270,312	282,332
Youth Employment Initiative	141,412	99,863
Employer co-investment	8,128	17,613
Employer incentive payments	-	37,500
PP income	10,262	162,477
TV income	275,275	213,159
Kickstart	100,860	29,465
	<hr/>	<hr/>
	1,734,622	1,934,812
Total incoming resources	1,735,032	1,934,875
 EXPENDITURE		
Charitable activities		
Wages	748,136	858,340
Social security	69,505	74,845
Pensions	16,247	17,407
Hire of plant and machinery	1,504	1,539
Subcontractors	229,764	233,636
Insurance	6,210	6,978
Telephone	10,551	11,257
Postage and stationery	5,678	4,844
Advertising	56,919	15,394
Sundries	4,036	9,105
Training purchased	64,159	140,865
Trainees' expenses	5,819	9,596
Tuition/course fees and registration	92,004	141,947
Disallowed VAT	44,994	17,848
Staff training	20,360	22,778
Rent and rates	80,772	90,222
Cleaning	8,950	2,330
Repairs and renewals	24,755	36,900
Motor and travel	15,520	6,514
Legal and professional	336	492
Bank charges	308	302
Trade subscriptions	19,490	17,595
Consultancy fees	20,981	4,450
Employer incentive payments	-	37,500
Office equipment	12,779	12,478
Carried forward	1,559,777	1,775,162

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ITEC NORTH EAST LIMITED

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 July 2022

	2022	2021
	£	£
Charitable activities		
Brought forward	1,559,777	1,775,162
Fixtures and fittings	1,076	1,312
	<hr/>	<hr/>
	1,560,853	1,776,474
Other		
Bad debt write off	1,000	500
Support costs		
Governance costs		
Wages	2,000	2,000
Auditors' remuneration	4,950	4,950
Trustees indemnity insurance	1,324	1,380
	<hr/>	<hr/>
	8,274	8,330
Total resources expended	<hr/>	<hr/>
	1,570,127	1,785,304
Net income	<hr/>	<hr/>
	164,905	149,571

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