

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

**Report of the Trustees and
Financial Statements
for the Year Ended 31 July 2023
for
ITEC North East Limited**

ITEC North East Limited

**Contents of the Financial Statements
for the Year Ended 31 July 2023**

	Page
Report of the Trustees	1 to 12
Report of the Independent Auditors	13 to 16
Statement of Financial Activities	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Cash Flow Statement	20
Notes to the Financial Statements	21 to 29

**Report of the Trustees
for the Year Ended 31 July 2023**

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 2023. 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 over 40 years ITEC North East Limited has operated as an inspirational charity across the North East with strategically placed training facilities currently in Newton Aycliffe and Middlesbrough employing around 30 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, 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 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 '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.

**Report of the Trustees
for the Year Ended 31 July 2023**

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:

- Recognising individuality
- Respect

**Report of the Trustees
for the Year Ended 31 July 2023**

- 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 (ext 2024) European Structural and Investment Funds Growth Programme in England with the Department for Work and Pensions (DWP) as the Managing Authority.

- 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.

- 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.

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.

**Report of the Trustees
for the Year Ended 31 July 2023**

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

**Report of the Trustees
for the Year Ended 31 July 2023**

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 2022-23.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRATEGIC REPORT

Achievement and performance

Charitable activities

The majority of our contracts continue to perform well during such unprecedented times 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 (ext 2024) 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 2022-23 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. 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 2022-23 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 were pleased to report that the charitable company generally maintained its specific objectives for 2022-23. 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 a consequence of the COVID-19 pandemic, and the ongoing cost of living crisis. National Averages released in 22/23 did as expected remain low, with only minimal improvements in some areas. In March 2023 the Minister for Skills, Apprenticeships and Higher Education (Rt Hon Robert Halfon MP) wrote to the FE sector setting out the Government's pledge to increase national achievement rates to 67% by 2025. ITEC North East were proud to report that our own achievement rates have consistently remained above the Government's target throughout the period 20/21 - 22/23, and have therefore met the Government's pledge ahead of the 2025 target. Additionally, ITEC North East achievement rates remain at least 10% above national average across all key performance indicators, and these consistently high levels of performance therefore continue to suggest that we have navigated the pandemic, and the ongoing cost of living crisis, more successfully than most other providers.

Apprentices continue to achieve highly at end point assessment by achieving grades of merit and distinction. A 3-year trend is evidenced with ITEC North East being consistently above the national average. 22/23 high grade rates did decline slightly due to a change in assessment criteria by the Awarding organisation (AO), however, actions were swiftly implemented and positive impact noted in the latter stages of 22/23 where rates returned to 57% (+7% NA).

In addition to achieving highly, approximately 83% of apprentices sustained employment which is significantly above the national average 75%. Of those apprentices, 43% gained in work progression and 75% a pay rise, again above the national averages 42% & 67% respectively. The overall progression rate for adult provision into work remains very good at 47%.

**Report of the Trustees
for the Year Ended 31 July 2023**

All training continues to be delivered in a classroom setting or online, we continue 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 continues to deliver well against outputs and we remain one of the top performing providers within the area.

Learner Numbers

The company has constantly targeted growth in apprenticeship numbers and in 22/23 there was a minimal increase of 19% from 107 (21/22) to 130. Targeted as a year of significant recovery, regrettably the ongoing cost of living crisis, 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.

ITEC North East and our subcontractors have supported over 645 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 47% of our learners progressing into further studies, employment or voluntary work.

Contracts / Values & New Programmes

In 22/23 ITEC North East were successful in meeting the main objectives of our Tees Valley Combined Authority Adult Education Contract by supporting 47% 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 were completed by June 2023 where over 1200 participants were supported to 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 commended ITEC North East on its management of the contract, flexible, relevant & responsive training offers, and close working relationships with our employers and partner organisations to maximise positive outcomes; in some areas contract KPIs were over achieved.

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 40 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 £10,951 (2022: £164,905). Incoming resources from charitable activities for the year were £1,996,609 compared to £1,735,032 for the previous year. Resources expended from charitable activities were £1,985,658 for the year compared to £1,570,127 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 £496,000 and at 31 July 2023 free reserves amounted to £1,152,408 (2022: £1,156,063). 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.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRATEGIC REPORT

Future developments

This report continues to be published in a climate of unprecedented change and challenge, coupled with ongoing 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, the disruption to global supply chains, political unrest both foreign and national. 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 in 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 note organisations such as the Association of Employment and Learning Providers (AELP) demanding that ministers take urgent action to prevent "total collapse" of the training system in the wake of multiple and increasing numbers of providers exiting the publicly funded training sector. AELP cite a "perfect storm" of rising costs, reduced adult education budget (AEB) contracts, the end to the traineeship programmes and real-terms cuts to apprenticeship funding bands pushing the sector to the brink of total collapse.

We recognise that future challenges will continue to drive change throughout our sector, however we continue to invest in areas that excel and target resources to support these areas. During 22/23 ITEC North East moved to a new well equipped and modern training facility, completed a rebrand, invested in new systems such as HubSpot CRM, and developed an improved web and social media presence. These significant decisions will support ITEC North East in achieving our stated aims for engagement with employers ("Strengthen and develop partnerships with employers and partner organisations to create a sustainable future for ITEC") and 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").

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.

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. During 2022/23 the strategy has moved forward considerably with the rollout of digital (Google) 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, employers and staff in 22/23 was excellent, and in almost all cases remain in excess of 90%.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRATEGIC REPORT

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. During 22/23 variations of programmes were created to meet employer demand such as IT Work Ready, IT Digital Explorer, and Business Data Essentials. Planned for early 23/24, the creation of a range of Artificial Intelligence workshops will roll out to support employer's to upskill workforces and embed emerging technology into business operations.

Our VideoTile platform introduced from 2020/21 continues from strength to strength in 2022/23. 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.V.s 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 22/24 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. 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.

**Report of the Trustees
for the Year Ended 31 July 2023**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Board consists of 3 Non-Executive Directors who are Trustees, and a Chief Executive Officer. 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.

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 2023 were £173,592 (2022: £167,316).

Accommodation 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 three-year lease. ITEC is able to vacate the premises following a specified notice period.

The lease for ITEC House, Hilton Road, Newton Aycliffe, DL5 6EN commenced from 1st September 2022. The lease term is 1st September 2022 to 31st August 2029. ITEC may terminate the Lease by serving a Break Notice on the Landlord at least six months before the Break Date of 1st September 2027.

**Report of the Trustees
for the Year Ended 31 July 2023**

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 W Bellwood
G Brown
G Wood

Company Secretary

T A Wilson

Senior Statutory Auditor

Christopher Beaumont BA (Hons) BFP FCA DChA

Auditors

Clive Owen LLP
Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

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

Chief Executive Officer

T A Wilson

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).

**Report of the Trustees
for the Year Ended 31 July 2023**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

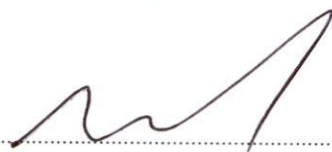
In so far as the trustees are aware:

- 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

Clive Owen LLP were appointed as auditors and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on³⁰⁻⁴⁻²³..... and signed on the board's behalf by:


.....
S W Bellwood - Trustee

Report of the Independent Auditors to the Members 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 2023 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
ITEC North East Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

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.

Report of the Independent Auditors to the Members of ITEC North East Limited

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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. Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We have undertaken the following procedures to identify and respond to these risks of non-compliance:

- Understanding the key legal and regulatory frameworks that are applicable to the Company. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. We determined the most significant of these to be taxation legislation, health & safety, GDPR, and employment law.
- Enquiry of directors and management as to policies and procedures to ensure compliance and any known instances of non-compliance.
- Review of board minutes and correspondence with regulators, including Ofsted.
- Enquiry of directors and management as to areas of the financial statements susceptible to fraud and how these risks are managed.
- Challenging management on key estimates, assumptions and judgements made in the preparation of the financial statements.
- Identifying and testing unusual journal entries, with a particular focus on manual journal entries.

Through these procedures, we did not become aware of actual or suspected non-compliance.

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

**Report of the Independent Auditors to the Members of
ITEC North East Limited**

Use of our report

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

Clive Owen W

Christopher Beaumont BA (Hons) BFP FCA DChA (Senior Statutory Auditor)
for and on behalf of Clive Owen LLP

Chartered Accountants
& Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: *7 May 2024*

ITEC North East Limited

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 July 2023**

	Notes	Unrestricted funds £	Restricted fund £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
	3				
ESFA and similar activities		1,709,895	-	1,709,895	1,322,638
Miscellaneous other activities		9,828	-	9,828	260
Subcontractors		199,896	-	199,896	270,312
Youth Employment Initiative		70,235	-	70,235	141,412
Investment income	2	6,755	-	6,755	410
Total		<u>1,996,609</u>	<u>-</u>	<u>1,996,609</u>	<u>1,735,032</u>
EXPENDITURE ON					
Charitable activities					
	4				
ESFA and similar activities		1,745,488	-	1,745,488	1,197,951
Subcontractors		169,935	-	169,935	229,764
Youth Employment Initiative		70,235	-	70,235	141,412
Other		-	-	-	1,000
Total		<u>1,985,658</u>	<u>-</u>	<u>1,985,658</u>	<u>1,570,127</u>
NET INCOME		10,951	-	10,951	164,905
RECONCILIATION OF FUNDS					
Total funds brought forward		1,219,334	-	1,219,334	1,054,429
TOTAL FUNDS CARRIED FORWARD		<u><u>1,230,285</u></u>	<u><u>-</u></u>	<u><u>1,230,285</u></u>	<u><u>1,219,334</u></u>

The notes form part of these financial statements

ITEC North East Limited (Registered number: 02045777)

Balance Sheet
31 July 2023

	Notes	Unrestricted funds £	Restricted fund £	2023 Total funds £	2022 Total funds £
FIXED ASSETS					
Intangible assets	11	28,194	-	28,194	35,000
Tangible assets	12	49,683	-	49,683	28,271
		<u>77,877</u>	<u>-</u>	<u>77,877</u>	<u>63,271</u>
CURRENT ASSETS					
Debtors	13	438,023	-	438,023	171,966
Investments	14	267,333	-	267,333	-
Cash at bank		648,305	-	648,305	1,441,101
		<u>1,353,661</u>	<u>-</u>	<u>1,353,661</u>	<u>1,613,067</u>
CREDITORS					
Amounts falling due within one year	15	(201,253)	-	(201,253)	(457,004)
		<u>1,152,408</u>	<u>-</u>	<u>1,152,408</u>	<u>1,156,063</u>
NET CURRENT ASSETS					
		<u>1,152,408</u>	<u>-</u>	<u>1,152,408</u>	<u>1,156,063</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>1,230,285</u>	<u>-</u>	<u>1,230,285</u>	<u>1,219,334</u>
NET ASSETS					
		<u>1,230,285</u>	<u>-</u>	<u>1,230,285</u>	<u>1,219,334</u>
FUNDS					
Unrestricted funds	17			<u>1,230,285</u>	<u>1,219,334</u>
TOTAL FUNDS					
				<u>1,230,285</u>	<u>1,219,334</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 30-04-24 and were signed on its behalf by:


S W Bellwood - Trustee

ITEC North East Limited

**Cash Flow Statement
for the Year Ended 31 July 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	(495,832)	181,960
Net cash (used in)/provided by operating activities		<u>(495,832)</u>	<u>181,960</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(35,000)
Purchase of tangible fixed assets		(36,386)	(20,954)
Reclassification of bank bond		(267,333)	-
Interest received		6,755	410
Net cash used in investing activities		<u>(296,964)</u>	<u>(55,544)</u>
Change in cash and cash equivalents in the reporting period			
		<u>(792,796)</u>	126,416
Cash and cash equivalents at the beginning of the reporting period		<u>1,441,101</u>	<u>1,314,685</u>
Cash and cash equivalents at the end of the reporting period		<u><u>648,305</u></u>	<u><u>1,441,101</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 2023

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2023	2022	
	£	£	
Net income for the reporting period (as per the Statement of Financial Activities)	10,951	164,905	
Adjustments for:			
Depreciation charges	21,780	13,855	
Interest received	(6,755)	(410)	
Increase in debtors	(266,057)	(32,410)	
(Decrease)/increase in creditors	(255,751)	36,020	
Net cash (used in)/provided by operations	<u>(495,832)</u>	<u>181,960</u>	
2. ANALYSIS OF CHANGES IN NET FUNDS			
	At 1.8.22	Cash flow	At 31.7.23
	£	£	£
Net cash			
Cash at bank	1,441,101	(792,796)	648,305
	<u>1,441,101</u>	<u>(792,796)</u>	<u>648,305</u>
Liquid resources			
Deposits included in cash	-	-	-
Current asset investments	-	267,333	267,333
	<u>-</u>	<u>267,333</u>	<u>267,333</u>
Total	<u>1,441,101</u>	<u>(525,463)</u>	<u>915,638</u>

The notes form part of these financial statements

ITEC North East Limited

Notes to the Financial Statements for the Year Ended 31 July 2023

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.

ITEC North East Limited is a private company, limited by guarantee, registered in England and Wales. Company reference number and registered office are listed in the reference and administrative details section of the Report of the Trustees.

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.

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.

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.

Improvements to property	- in accordance with the property
Fixtures and fittings	- 12.5% on cost
Office equipment	- 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.

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

1. ACCOUNTING POLICIES - continued

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.

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.

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.

2. INVESTMENT INCOME

	2023	2022
	£	£
Deposit account interest	6,755	410
	<u>6,755</u>	<u>410</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2023	2022
	Activity	£	£
ESFA income	ESFA and similar activities	434,023	519,045
College income	ESFA and similar activities	810,350	409,068
Employer co-investment	ESFA and similar activities	14,010	8,128
PP income	ESFA and similar activities	-	10,262
TV income	ESFA and similar activities	451,512	275,275
Kickstart	ESFA and similar activities	-	100,860
Other sales	Miscellaneous other activities	9,828	260
Subcontractors	Subcontractors	199,896	270,312
Youth Employment Initiative	Youth Employment Initiative	70,235	141,412
		<u>1,989,854</u>	<u>1,734,622</u>

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 5) £	Support costs (see note 6) £	Totals £
ESFA and similar activities	1,730,526	14,962	1,745,488
Subcontractors	169,935	-	169,935
Youth Employment Initiative	70,235	-	70,235
	<u>1,970,696</u>	<u>14,962</u>	<u>1,985,658</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2023 £	2022 £
Staff costs	804,539	833,888
Hire of plant and machinery	1,400	1,504
Rent and rates	67,652	80,772
Insurance	8,476	6,210
Telephone	10,685	10,551
Postage and stationery	6,962	5,678
Advertising	67,326	56,919
Sundries	7,645	4,036
Training purchased	231,552	64,159
Disallowed VAT	65,676	44,994
Cleaning	13,705	8,950
Motor and travel	47,683	15,520
Subscriptions	20,955	19,490
Consultancy fees	50,144	20,981
Repairs and renewals	46,507	24,755
Bank charges	264	308
Trainees' expenses	8,716	5,819
Tuition/course fees and registration	107,278	92,004
Staff training	1,057	20,360
Legal and professional	-	336
Subcontractors	380,694	229,764
Depreciation	21,780	13,855
	<u>1,970,696</u>	<u>1,560,853</u>

6. SUPPORT COSTS

	Governance costs £
ESFA and similar activities	<u>14,962</u>

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

7. NET INCOME/(EXPENDITURE)

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

	2023	2022
	£	£
Depreciation - owned assets	14,974	13,855
Hire of plant and machinery	1,400	1,504
Computer software amortisation	6,806	-
Auditor's remuneration	10,000	4,950
	<u>10,000</u>	<u>4,950</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 July 2023 nor for the year ended 31 July 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 July 2023 nor for the year ended 31 July 2022.

9. STAFF COSTS

	2023	2022
	£	£
Wages and salaries	720,251	750,136
Social security costs	69,936	69,505
Other pension costs	16,352	16,247
	<u>806,539</u>	<u>835,888</u>

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

	2023	2022
Management	3	6
Teaching and learning	15	10
Recruitment	6	7
Administration and accounts	4	6
Quality	1	2
	<u>29</u>	<u>31</u>

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

	2023	2022
£60,001 - £70,000	<u>1</u>	<u>1</u>

Staff costs of £2,000 (2022: £2,000) have been allocated to support costs.

ITEC North East Limited

Notes to the Financial Statements - continued
for the Year Ended 31 July 2023

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
ESFA and similar activities	1,309,323	13,315	1,322,638
Miscellaneous other activities	260	-	260
Subcontractors	270,312	-	270,312
Youth Employment Initiative	141,412	-	141,412
Investment income	410	-	410
Total	1,721,717	13,315	1,735,032
EXPENDITURE ON			
Charitable activities			
ESFA and similar activities	1,184,636	13,315	1,197,951
Subcontractors	229,764	-	229,764
Youth Employment Initiative	141,412	-	141,412
Other	1,000	-	1,000
Total	1,556,812	13,315	1,570,127
NET INCOME	164,905	-	164,905
RECONCILIATION OF FUNDS			
Total funds brought forward	1,054,429	-	1,054,429
TOTAL FUNDS CARRIED FORWARD	1,219,334	-	1,219,334

11. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 August 2022 and 31 July 2023	35,000
AMORTISATION	
Charge for year	6,806
NET BOOK VALUE	
At 31 July 2023	28,194
At 31 July 2022	35,000

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

12. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Office equipment £	Totals £
COST				
At 1 August 2022	9,750	16,773	49,436	75,959
Additions	-	23,458	12,928	36,386
	<u>9,750</u>	<u>40,231</u>	<u>62,364</u>	<u>112,345</u>
DEPRECIATION				
At 1 August 2022	-	13,729	33,959	47,688
Charge for year	1,393	3,364	10,217	14,974
	<u>1,393</u>	<u>17,093</u>	<u>44,176</u>	<u>62,662</u>
NET BOOK VALUE				
At 31 July 2023	<u>8,357</u>	<u>23,138</u>	<u>18,188</u>	<u>49,683</u>
At 31 July 2022	<u>9,750</u>	<u>3,044</u>	<u>15,477</u>	<u>28,271</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	26,182	18,657
Other debtors	330	6,280
VAT	3,255	14,369
Accrued income	379,400	114,962
Prepayments	28,856	17,698
	<u>438,023</u>	<u>171,966</u>

14. CURRENT ASSET INVESTMENTS

	2023 £	2022 £
Other	267,333	-
	<u>267,333</u>	<u>-</u>

The current asset investment is a UK bank bond.

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	48,514	40,555
Social security and other taxes	17,423	15,640
Accruals and deferred income	135,316	400,809
	<u>201,253</u>	<u>457,004</u>

In 2022 there was a provision of £176,186 relating to fees paid in advance for Digital Skills income, nil for 2023.

16. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	72,000	-
Between one and five years	288,000	-
In more than five years	108,000	-
	<u>468,000</u>	<u>-</u>

17. MOVEMENT IN FUNDS

	At 1.8.22	Net movement in funds	At 31.7.23
	£	£	£
Unrestricted funds			
General fund	1,219,334	10,951	1,230,285
	<u>1,219,334</u>	<u>10,951</u>	<u>1,230,285</u>
TOTAL FUNDS	<u>1,219,334</u>	<u>10,951</u>	<u>1,230,285</u>

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

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,996,609	(1,985,658)	10,951
	<u>1,996,609</u>	<u>(1,985,658)</u>	<u>10,951</u>
TOTAL FUNDS	<u>1,996,609</u>	<u>(1,985,658)</u>	<u>10,951</u>

ITEC North East Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2023**

17. MOVEMENT IN FUNDS - continued

Comparatives for 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
TOTAL FUNDS	<u>1,054,429</u>	<u>164,905</u>	<u>1,219,334</u>

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

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

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

	At 1.8.21 £	Net movement in funds £	At 31.7.23 £
Unrestricted funds			
General fund	1,054,429	175,856	1,230,285
TOTAL FUNDS	<u>1,054,429</u>	<u>175,856</u>	<u>1,230,285</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	3,718,326	(3,542,470)	175,856
Restricted funds			
Kick Start Scheme	13,315	(13,315)	-
TOTAL FUNDS	<u>3,731,641</u>	<u>(3,555,785)</u>	<u>175,856</u>

ITEC North East Limited

Notes to the Financial Statements - continued
for the Year Ended 31 July 2023

18. CAPITAL COMMITMENTS

	2023	2022
	£	£
Contracted but not provided for in the financial statements	-	17,500
	<u> </u>	<u> </u>

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2023 or 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.

