

REGISTERED COMPANY NUMBER: 02262730 (England and Wales)
REGISTERED CHARITY NUMBER: 700763

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023
FOR
DERWENT TRAINING ASSOCIATION**

DERWENT TRAINING ASSOCIATION
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FOR THE YEAR ENDED 31 JULY 2023

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DERWENT TRAINING ASSOCIATION

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

The purpose of the charity is to provide education and skills training for employers and their employees. Standalone training is also available for individuals who wish to update their skills.

The objectives of the charity are to:

- Remain on the Apprenticeship Provider and Assessment Register (APAR) and contract directly with both levy and non-levy paying employers in order to deliver training. This has been achieved.
- Achieve above national achievement rates. This has been achieved.
- Remain 'good' in Ofsted inspection. This was obtained in March 2022.
- Maintain the Matrix Quality Standard. Re-accreditation was achieved in 2023.
- Continue to improve the quality of service and provision by teamwork and partnership working. Continuous improvement achieved with clients reporting a 98% satisfaction rate with Derwent Training.
- Promote equality of opportunity and diversity to work with under-represented groups and encourage more females into Apprenticeships. This is ongoing as the engineering industry itself has some way still to go in achieving equal representation. Derwent Training continues to train individuals from underrepresented groups but it is solely reliant on who the clients employ.
- Maintain a presence at careers events and other training awareness events with both employers and potential apprenticeship candidates. Derwent Training attends such events to promote its training offer.
- Offer a managed flexible approach to the training facilities to support employers and maintain our position in the training market. Depending on the clients' needs Derwent Training does adapt delivery to support employers.
- Further develop and expand the range of full cost courses and work with companies to develop new ideas. Full cost courses are offered to support the needs of clients.

Public benefit

The charity Trustees have had regard to the charity commissions' guidance on public benefit and feel that this can be demonstrated by the aims and objectives listed above and the significant achievements explained in detail later in the report.

DERWENT TRAINING ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2023

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Derwent Training Association (Derwent Training) has successfully delivered on its charitable objectives during the year, whilst returning a profit which will enable future investment in its facilities.

Derwent Training was graded 'good' in its last Ofsted inspection (March 2022). It maintained the Matrix quality standard as well as maintaining direct claim status from the awarding organisations, EAL & Pearson, and obtained Cyber Essentials accreditation. Derwent Training subcontracted from Maritime and Engineering College who also received 'good' in their last Ofsted inspection. This contract has ended.

Apprenticeships are offered at levels 3 and 4. New enrolments surpassed the target set in 2022-23. Eighty employers placed apprentices with Derwent Training. Commercial courses were also delivered with the income target surpassed for the year in this income stream.

Derwent Training provides information, advice and guidance to employers and their employees on the best route forward in terms of training. There is a delicate balance to be had in being honest with employers about what Derwent Training can deliver in a set timeframe and signposting employers to other providers for aspects outside of the scope of Derwent Training. Integrity remains important in working with employers.

Derwent Training continues to review the staffing levels and skills needed to deliver the prescribed programmes. New staff have joined the company whilst others have taken up new opportunities elsewhere.

FINANCIAL REVIEW

Financial position

The Trustees consider that Derwent Training has had a successful year. It has met the demand for training during the period whilst carefully controlling the resources required to meet that demand. The resulting modest surplus has strengthened the balance sheet, which improves the entity's long term prospects.

Principal funding sources

Income was generated through a direct contract with the Education and Skills Funding Agency (ESFA) and a subcontracting arrangement with Maritime and Engineering College. The latter has ended and has no discernible impact on income. A loss of the ESFA contract would be a risk to the business, however this is adjudged to be low risk given the performance of the Charity.

Reserves policy

Trustees have examined the charity's requirements for reserves in light of the main risk to the organisation. The Charity holds reserves to ensure

- Long term stability and financial security including meeting working capital requirements and long-term commitments.
- There is provision for non-recurring projects and investment to improve the public benefit offered by the Charity.
- Support the Charity to continue activities in periods of less favourable funding due to external or other economic factors, such as a downturn in the sectors where the clients are based.

Reserves can cover possible emergency repairs to the centre and other expenditure including salaries. The Charity's financial working capital consists of core business funded activity and other funds through projects which vary year on year.

Trustees report the level of free reserves, (that is those funds that are freely available), bridge any gaps between spending on training and money received through full cost courses and grants that provide funding. Short term reserves would be needed to meet the working capital requirements of the charity; approximately £175,000 would cover three months salaries and general running costs. The Trustees have taken steps to maintain monies and reserves exist that safeguard the organisation. The policy is being met.

At 31 July 2023, the charity held reserves of £894,407 (2022: £815,830), all of which was unrestricted. The level of free reserves, that is unrestricted funds less those held in tangible fixed assets, was £164,903 (2022: £71,693).

DERWENT TRAINING ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2023

FINANCIAL REVIEW

Going concern

Derwent Training is a well-run Charity with a strong management team led by a competent CEO. The executive team is supported by an appropriately skilled and engaged non-executive Board who provide regular oversight. The organisation has significant cash reserves.

The principal risks to the charity are changes to the source of funding due to changes in Government policy and economic change resulting in a significant reduction in the number of Apprenticeships being offered by local businesses leading to a reduction in the training requirements in the area.

Because Apprenticeships are undertaken over a four-year period, changes to Government Policy would only occur after significant notice, and because the entity has significant cash reserves, the Directors cannot foresee circumstances that would change the Charity's Going Concern basis within the next twelve months.

DERWENT TRAINING ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2023

FUTURE PLANS

The regional environment:

The North Yorkshire County Council Plan 2020-2024 identifies as a priority the need for increasing skill levels and ensuring that the workforce meets the needs of North Yorkshire, ensuring that there is a clear pathway for young people from education to training and employment, and other actions to support the development of a workforce that meets the social and economic needs of the county. Additionally, the LEP states that there is a clear link between investment in higher level skills and a business' competitive advantage. Businesses need to train their staff to keep pace with technology and ensure increased productivity. Derwent Training now offers not only Apprenticeships in engineering but also in leadership and management as well as full cost courses and online training that is a simple yet effective approach to employee development to ensure teams are upskilled.

The York, North Yorkshire, East Riding and Hull Area Review (2019) identified that the lack of large employers within the region is a challenge and there is limited take up of Apprenticeships by micro-business. New Apprenticeship starts nationally decreased pre-pandemic and did not pick up as the pandemic continued. Numbers began to increase during 2021-22 and there has been a steady increase since. Some providers have struggled to provide a viable offer therefore it is essential to ensure that Apprenticeship delivery structures are financially sustainable and allow progression to and from traditional full-time technical and vocational curriculum and higher education. The lack of higher level Apprenticeships standards in the Local Enterprise Partnership (LEP) priority areas, such as engineering, remains a significant challenge to developing the local economy. Derwent Training is resolved to supporting the development of higher level skills either alone or in partnership with other institutions. It will also work to embed Low Carbon skills and knowledge with its delivery where applicable. There remains a lack of investment in leadership training in North Yorkshire and Derwent Training has committed to expanding its delivery in both the engineering as well as the leadership and management curriculum area.

Strategic plan:

The Trustees believe Derwent Training is positioned to address the challenges identified regionally and create opportunities through working in partnership with other providers and employers.

Derwent Training will work towards securing continued funding for Apprenticeship delivery through new partnership arrangements wherever possible.

The charity recognises the impact of the limited agreed trade deals following the withdrawal from the European Union on employers in the sector and the region, with many still holding off in recruiting new employees or going out of business. Additionally, the COVID-19 pandemic caused a further contraction in recruitment for some employers which is yet to fully recover.

The charity has identified the leadership and management curriculum as an area for development and has recruited a delivery team and is marketing the curriculum to all sectors of industry in the region.

Consequently, the charity has set a realistic budget, with tight management maintained around expenditure, that is focused on supporting learner achievement within truthful income figures. Derwent Training continues to enrol all year round rather than just in September to support employers' growth plans as they occur.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Derwent Training Association is a company limited by guarantee and not having share capital. It is governed by its Memorandum and Articles of Association dated 27 May 1988 (amended February 2015). It is registered as a charity with the Charity Commission. The number of members which the company proposes to be registered is unlimited.

Derwent Training cooperates with the EFSA and Department of Education (DfE) in its pursuit of the charitable objectives. It fulfils all requirements of the DfE in order to continue to deliver Apprenticeships.

DERWENT TRAINING ASSOCIATION

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 JULY 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

As set out in the Articles of Association, the chair of the Trustees is nominated by the members of the charitable company. At the Annual General Meeting, one third or nearest number to one third shall retire from office. Directors who have been longest in office since their last election shall retire. Retiring trustees can choose to stand again as a trustee at the AGM and are elected by the Board at that meeting. New potential trustees are approached by the Chair when there is an opportunity to replace a retiring trustee or when a skills gap is identified on the Board. The Chair interviews applicants and the Board votes to elect a candidate to the Board.

Organisational structure

The Board of Trustees, which usually has from 6 up to no more than 10 members, oversees the strategic business planning. A Chief Executive Officer is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive Officer has delegated authority, within terms of delegation approved by the Trustees, for strategic and operational matters including finance, employment, and other related activities.

Induction and training of new trustees

New Trustees are invited to a Board meeting and given a copy of the Memorandum and Articles of Association, Self-Assessment Report and ESFA contract performance figures and a copy of the latest budget figures. All Trustees must complete statutory training on Safeguarding and Prevent Duty.

Key management remuneration

The Trustees consider that the Board along with the Senior Leadership Team comprise the key management personnel of the charity and are in charge of directing, controlling, and operating the Trust on a day to day basis. All the Trustees give their time freely and none are remunerated. Details of expenses reimbursed during the year are shown in the notes to the accounts.

The pay of senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the Trustees benchmark against pay levels in other similar organisations in the North of England to ensure that the remuneration is fair and not out of line with that generally paid for similar roles.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02262730 (England and Wales)

Registered Charity number

700763

Registered office

Hertford Way
York Road Industrial Park
Malton
North Yorkshire
YO17 6YG

Trustees

Mr R A Shaw Managing Director
Mr D MacFarlane Company Director
Mr A B G Pickering (resigned 17.10.22)
Ms A Watson Director
Ms S Edwards Director
Ms L A Thompson Hr Director

DERWENT TRAINING ASSOCIATION

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 JULY 2023**

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Fortus Audit LLP
Equinox House
Clifton Park, Shipton Road
York
Yorkshire
YO30 5PA

Bankers

Santander UK
Bridle Road
Bootle
Merseyside
L30 4GB

Chief Executive Officer

C E Gavaghan

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Derwent Training Association 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).

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, Fortus Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 17 April 2024 and signed on its behalf by:



.....
Mr R A Shaw - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DERWENT TRAINING ASSOCIATION**

Opinion

We have audited the financial statements of Derwent Training Association (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
DERWENT TRAINING ASSOCIATION**

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

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

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:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK GAAP and the Companies Act 2016) and the relevant tax compliance regulations in the UK.

We understood how the charitable company is complying with those frameworks by making enquires through review of board minutes and discussions with those charged with governance.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur, by discussion with management from various parts of the business to understand where they considered there was a susceptibility to fraud. We considered the procedures and controls that the company has established to prevent and detect fraud, and how these are monitored by management, and also any enhanced risk factors such as performance targets.

Based on our understandings, we designed our audit procedures to identify any non-compliance with laws and regulations identified in the paragraphs above.

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
DERWENT TRAINING ASSOCIATION**

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.



Frances Howard FCA (Senior Statutory Auditor)
for and on behalf of Fortus Audit LLP
Equinox House
Clifton Park, Shipton Road
York
Yorkshire
YO30 5PA

Date: 17 April 2024

DERWENT TRAINING ASSOCIATION
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2023

	Notes	Unrestricted fund £	Restricted funds £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Education and training	3	935,690	-	935,690	758,822
Investment income	2	<u>9,121</u>	-	<u>9,121</u>	<u>1,053</u>
Total		<u>944,811</u>	-	<u>944,811</u>	<u>759,875</u>
 EXPENDITURE ON					
Charitable activities					
Education and training	4	<u>866,234</u>	-	<u>866,234</u>	<u>685,064</u>
NET INCOME		78,577	-	78,577	74,811
 RECONCILIATION OF FUNDS					
Total funds brought forward		815,830	-	815,830	741,019
TOTAL FUNDS CARRIED FORWARD		<u>894,407</u>	-	<u>894,407</u>	<u>815,830</u>

The notes form part of these financial statements

DERWENT TRAINING ASSOCIATION

**BALANCE SHEET
31 JULY 2023**

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	11	729,504	744,137
CURRENT ASSETS			
Debtors	12	99,696	81,270
Cash at bank and in hand		<u>391,232</u>	<u>319,971</u>
		490,928	401,241
CREDITORS			
Amounts falling due within one year	13	(99,846)	(67,464)
		<u>391,082</u>	<u>333,777</u>
NET CURRENT ASSETS			
		<u>391,082</u>	<u>333,777</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,120,586	1,077,914
CREDITORS			
Amounts falling due after more than one year	14	(226,179)	(262,084)
		<u>894,407</u>	<u>815,830</u>
NET ASSETS			
		<u>894,407</u>	<u>815,830</u>
FUNDS			
Unrestricted funds		<u>894,407</u>	<u>815,830</u>
TOTAL FUNDS		<u>894,407</u>	<u>815,830</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 17 April 2024 and were signed on its behalf by:



.....
Mr R A Shaw - Trustee

The notes form part of these financial statements

DERWENT TRAINING ASSOCIATION

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	118,297	154,757
Interest paid		<u>(27,515)</u>	<u>(18,988)</u>
Net cash provided by operating activities		<u>90,782</u>	<u>135,769</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(15,892)	(38,463)
Interest received		<u>9,121</u>	<u>1,053</u>
Net cash used in investing activities		<u>(6,771)</u>	<u>(37,410)</u>
Cash flows from financing activities			
Loan repayments in year		<u>(12,750)</u>	<u>(61,180)</u>
Net cash used in financing activities		<u>(12,750)</u>	<u>(61,180)</u>
Change in cash and cash equivalents in the reporting period			
		71,261	37,179
Cash and cash equivalents at the beginning of the reporting period		<u>319,971</u>	<u>282,792</u>
Cash and cash equivalents at the end of the reporting period		<u>391,232</u>	<u>319,971</u>

The notes form part of these financial statements

DERWENT TRAINING ASSOCIATION

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)	78,577	74,811
Adjustments for:		
Depreciation charges	30,525	35,468
Interest received	(9,121)	(1,053)
Interest paid	27,515	18,988
Decrease in debtors	(18,426)	7,632
Increase in creditors	<u>9,227</u>	<u>18,911</u>
Net cash provided by operations	<u>118,297</u>	<u>154,757</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.8.22	Cash flow	At 31.7.23
	£	£	£
Net cash			
Cash at bank and in hand	<u>319,971</u>	<u>71,261</u>	<u>391,232</u>
	<u>319,971</u>	<u>71,261</u>	<u>391,232</u>
Debt			
Debts falling due within 1 year	(13,961)	(23,154)	(37,115)
Debts falling due after 1 year	<u>(262,084)</u>	<u>35,905</u>	<u>(226,179)</u>
	<u>(276,045)</u>	<u>12,751</u>	<u>(263,294)</u>
Total	<u>43,926</u>	<u>138,544</u>	<u>182,470</u>

The notes form part of these financial statements

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', the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. There are no judgements made that have a significant effect on the amounts recognised in the financial statements

Income

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

Expenditure

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

Allocation and apportionment of costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities.

These costs have been allocated to expenditure on charitable activities.

Tangible fixed assets

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

Freehold property	- 2% on cost
Plant and machinery	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Computer equipment	- 33% on cost

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

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

DERWENT TRAINING ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023**

1. ACCOUNTING POLICIES - continued

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.

Going concern

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

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising are recognised in the statement of financial activities.

Interest-bearing loans

Interest-bearing loans are measured initially at fair value less attributable transaction costs. Subsequently to initial recognition, loans are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of financial activities, together with any interest and fees payable, using the effective interest method.

Cash at bank and in hand

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Staff costs

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

2. INVESTMENT INCOME

	2023	2022
	£	£
Deposit account interest	<u>9,121</u>	<u>1,053</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2023	2022
	Activity	£	£
Training fees	Education and training	927,726	746,277
Employer contributions	Education and training	7,789	7,252
Miscellaneous income	Education and training	<u>175</u>	<u>5,293</u>
		<u>935,690</u>	<u>758,822</u>

DERWENT TRAINING ASSOCIATION

**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 £
Education and training	<u>745,535</u>	<u>120,699</u>	<u>866,234</u>

5. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2023 £	2022 £
Staff costs	464,364	404,920
Water rates	448	339
Insurance	9,939	8,994
Light and heat	14,000	8,838
Telephone	5,993	5,373
Stationery, printing and postage	7,696	7,420
Sundries	5,745	9,743
Workshop tools, consumables and training materials	33,318	24,127
Registration fees	69,683	62,128
Equipment leasing	6,321	6,854
Motor vehicle leasing	5,159	2,236
Repairs and renewals	27,525	7,369
Computer expenses	51,864	19,538
Staff training	9,074	11,886
Staff recruitment	20,369	608
Licences and subscriptions	6,010	4,772
Clothing costs	1,035	605
Cleaning expenses	<u>6,992</u>	<u>2,565</u>
	<u>745,535</u>	<u>588,315</u>

6. SUPPORT COSTS

	Management £	Other £	Governance costs £	Totals £
Education and training	<u>81,764</u>	<u>30,525</u>	<u>8,410</u>	<u>120,699</u>

Support costs, included in the above, are as follows:

	2023 Education and training £	2022 Total activities £
Travelling expenses	5,324	5,075
Advertising	19,031	15,759
Bookkeeping	6,790	6,231
Professional fees	23,104	8,422
Interest payable and similar charges	27,515	18,988
Depreciation of tangible fixed assets	30,525	35,468
Auditors' remuneration	6,870	5,640
Auditors' remuneration for non-audit work	<u>1,540</u>	<u>1,166</u>
	<u>120,699</u>	<u>96,749</u>

DERWENT TRAINING ASSOCIATION

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
	£	£
Auditors' remuneration	6,870	5,640
Auditors' remuneration for non audit work	1,540	1,166
Depreciation - owned assets	<u>30,525</u>	<u>35,468</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	357,006	312,298
Social security costs	32,597	27,340
Sub-contractors	65,190	56,303
Other pension costs	<u>9,571</u>	<u>8,979</u>
	<u>464,364</u>	<u>404,920</u>

Termination benefits of £12,400 were paid during the year (2022: £Nil).

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

	2023	2022
Charitable activities	<u>11</u>	<u>11</u>

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

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

The cost of key management personnel for the year was £146,820 (2022 - £136,084).

DERWENT TRAINING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Education and training	758,822	-	758,822
Investment income	<u>1,053</u>	<u>-</u>	<u>1,053</u>
Total	<u>759,875</u>	<u>-</u>	<u>759,875</u>
EXPENDITURE ON			
Charitable activities			
Education and training	<u>685,064</u>	<u>-</u>	<u>685,064</u>
NET INCOME	74,811	-	74,811
RECONCILIATION OF FUNDS			
Total funds brought forward	<u>741,019</u>	<u>-</u>	<u>741,019</u>
TOTAL FUNDS CARRIED FORWARD	<u>815,830</u>	<u>-</u>	<u>815,830</u>

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 August 2022	745,000	455,961	135,253	192,185	1,528,399
Additions	<u>-</u>	<u>-</u>	<u>8,989</u>	<u>6,903</u>	<u>15,892</u>
At 31 July 2023	<u>745,000</u>	<u>455,961</u>	<u>144,242</u>	<u>199,088</u>	<u>1,544,291</u>
DEPRECIATION					
At 1 August 2022	89,400	392,188	112,752	189,922	784,262
Charge for year	<u>14,900</u>	<u>9,566</u>	<u>3,528</u>	<u>2,531</u>	<u>30,525</u>
At 31 July 2023	<u>104,300</u>	<u>401,754</u>	<u>116,280</u>	<u>192,453</u>	<u>814,787</u>
NET BOOK VALUE					
At 31 July 2023	<u>640,700</u>	<u>54,207</u>	<u>27,962</u>	<u>6,635</u>	<u>729,504</u>
At 31 July 2022	<u>655,600</u>	<u>63,773</u>	<u>22,501</u>	<u>2,263</u>	<u>744,137</u>

DERWENT TRAINING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2023	2022
	£	£
Trade debtors	65,412	51,684
Prepayments	<u>34,284</u>	<u>29,586</u>
	<u>99,696</u>	<u>81,270</u>
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2023	2022
	£	£
Bank loans (see note 15)	37,115	13,961
Trade creditors	38,324	32,184
Social security and other taxes	8,129	8,615
Other creditors	2,425	2,480
Accruals and deferred income	<u>13,853</u>	<u>10,224</u>
	<u>99,846</u>	<u>67,464</u>
14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	2023	2022
	£	£
Bank loans (see note 15)	<u>226,179</u>	<u>262,084</u>
15. LOANS		
An analysis of the maturity of loans is given below:		
	2023	2022
	£	£
Amounts falling due within one year on demand:		
Bank loan	<u>37,115</u>	<u>13,961</u>
Amounts falling between one and two years:		
Bank loan	<u>37,115</u>	<u>14,538</u>
Amounts falling due between two and five years:		
Bank loan	<u>91,251</u>	<u>39,271</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loan	97,813	208,275

DERWENT TRAINING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2023

16. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	10,826	6,802
Between one and five years	<u>14,748</u>	<u>13,183</u>
	<u>25,574</u>	<u>19,985</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	2023	2022
	£	£
Bank loans	<u>263,294</u>	<u>276,045</u>

The bank facilities are secured by a legal charge on the company's land and buildings.

18. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined contribution scheme for the benefit of certain employees, the assets of the scheme are held separately from those of the company, being invested with insurance companies.

The charge for the year represents all contributions made by the company of £9,571 (2022 £8,979).

19. RELATED PARTY DISCLOSURES

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

20. COMPANY STATUS

The charity is a private company limited by guarantee. The members of the company are the trustees named on page one and in the event of the charity being wound up the liability of the guarantee is limited to £5 per member.