

Charity Registration No. 287075

Company Registration No. 01706333 (England and Wales)

THE ENGINEERING TRUST
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

THE ENGINEERING TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustee Directors	Ms S Jaycock Mr R Morris Mr N Locke	(Appointed 22 March 2023)
Charity number	287075	
Company number	01706333	
Registered office	11 Wedgwood Road Bicester Oxfordshire OX26 4UL	
Auditor	Shaw Gibbs (Audit) Limited 264 Banbury Road Oxford Oxfordshire OX2 7DY	
Bankers	National Westminster Bank Plc 43 Cornmarket Street Oxford Oxfordshire OX1 3HA	

THE ENGINEERING TRUST

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THE ENGINEERING TRUST

TRUSTEE DIRECTORS' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2022

The trustee directors present their annual report and financial statements for the year ended 31 August 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the group's governing document, the Companies Act 2006 and "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).

The Group is made up of The Engineering Trust (The Trust) and its wholly owned subsidiary, Engineering Trust Training Limited (ETT).

The Trust is registered with the Charity Commission in England and Wales and is a company limited by guarantee registered at Companies House. The governing document of the company is the Memorandum and Articles of Association incorporated 14 March 1983 as amended 4 May 1983, 25 May 2006 and 2 June 2009.

Objectives and activities

The Group continues to be successful in the promotion of engineering, promotion of careers in the industry, delivery of apprenticeships and celebration of those working in the industry.

The main business of the Group is delivered via ETT which is involved in the training of apprentices for the Engineering, Manufacturing and Maintenance sectors. Other initiatives have been introduced into the group to further improve its impact and reach its objectives.

Public Benefit

The trustees have taken into account the Charity Commission guidance on public benefit and believe that the activities of the Trust are in line with guidance.

Achievements and performance

The Trust

The Trust's work within schools and colleges continued with face-to-face events and careers talks. Other Trust projects such as STEM Summer Courses opened for the first time, increasing The Trust's work, and further meeting its charitable aims. The Trust took on a deeper role in the governance of ETT by completing regular satisfaction and wellbeing surveys of apprentices and also by surveying employers to better understand their experience of ETT delivery and gain improved oversight. The Trust continued to run its own Awards, recognising excellence within the apprentices and employers that ETT work with. It also, for the first time, sponsored a category within the Oxfordshire Apprenticeship Awards.

ETT

ETT places future engineers into good quality apprenticeships, many of whom go on to further learning and obtain senior or management positions because of their apprenticeship. ETT offers apprenticeships at levels 2, 3 and 4, training more than 180 apprentices across the south of England, holding a Grade 2 'Good' OFSTED result across all four areas from its inspection in summer 2022. 2021/22 saw a tightening of the labour market and limited ETT's ability to meet the demand from employers looking to take on apprentices. This demand from employers however remains strong, and our pipeline of new apprenticeship opportunities continues to grow. As planned, ETT opened The Engineering Skills Academy, its own in-house training facility in Bicester.

THE ENGINEERING TRUST

TRUSTEE DIRECTORS' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

Financial review

2021/22 was also a challenging year for ETT as its business model was shown to be weak when increased numbers of apprentices were put through the organisation. This has meant the Group making a loss as predicted it would in the previous years Directors' Annual Report. The biggest factor was the reliance on subcontracting part of the apprenticeship programme to local colleges and the costs associated with this, especially when putting high numbers of apprentice through. A Business Development role was introduced into the business which did not have the impact expected and ETT reduced the amount of management fee being charged to The Trust, decreasing income into ETT. These elements, plus the tightening labour market has led to The Group making a loss. ETT is on track to make a profit in 2022/23.

Engineering Trust Training will not be in a position to donate any funds to The Trust for this financial year.

Plans for future periods

The Trust

The Trust will continue its work over the next 12 months, supporting schools and colleges with careers advice and guidance. It will hold its Annual Apprentice Awards and will run the second season of its STEM Summer Courses which will double in size for 2023. Increasing the charities direct income is a key objective of the next 12 months with the intention of not being solely reliant on income from ETT making a profit (although ETT making a profit and contributing to the charity remains an important source of income). STEM Summer Courses offers one such revenue stream and we are also working to encourage our partner employers to donate funds in support of our work in schools promoting careers in engineering.

ETT

Moving forward, significant changes have been made to ETT to move it back into profit. The first is the opening of The Engineering Skills Academy. This is the main tool that will be used to reduce the volume of subcontracting to colleges, teaching learners directly and keeping the funding, and profit within ETT. The Academy will also allow the development of other training programmes and sources of revenue. The ineffective Business Development role has been removed, with responsibility for this element moving back to senior leaders to ensure the business remains on track with planned growth. GTD, an organisation who ETT subcontracted learners to in Devon, will be moved under direct delivery which will be financial positive for ETT. These measures have been taken not only to move ETT back into profit in 2022/23 but to also maintain our profitability in future years.

Structure, governance and management

Trustees are drawn from the member companies, which comprise businesses in the local area involved in engineering related activities.

During the year, the trustee directors have reviewed the risks, which may affect the charity and have amended their risk assessment where necessary.

The trustee directors, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Ms S Jaycock

Mr R J Green

Mr R Morris

Mr N Locke

(Resigned 25 November 2022)

(Appointed 22 March 2023)

THE ENGINEERING TRUST

TRUSTEE DIRECTORS' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

Statement of trustee directors' responsibilities

The trustee directors, who are also the directors of The Engineering Trust for the purpose of company law, are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustee directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustee directors are required to:

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

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

Auditor

In accordance with the company's articles, a resolution proposing that Shaw Gibbs (Audit) Limited be reappointed as auditor of the company will be put at a General Meeting.

The trustee directors' report was approved by the Board of Trustee Directors.



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Mr R Morris
Trustee director

Date: 30 May 2023

THE ENGINEERING TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE DIRECTORS OF THE ENGINEERING TRUST

Opinion

We have audited the financial statements of The Engineering Trust (the 'group') for the year ended 31 August 2022 which comprise the statement of financial activities, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the Trust's affairs as at 31 August 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group 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 trustee directors' 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 group'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 trustee directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the financial statements is inconsistent in any material respect with the trustee directors' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

THE ENGINEERING TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEE DIRECTORS OF THE ENGINEERING TRUST

Responsibilities of trustee directors

As explained more fully in the statement of trustee directors' responsibilities, the trustee directors, who are also the directors of the group for the purpose 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 trustee directors 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 trustee directors are responsible for assessing the group'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 trustee directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

1. At the planning stage of the audit we gain an understanding of the laws and regulations which apply to the company and how the management seek to comply with those laws regulations. This helps us to plan appropriate risk assessments.
2. During the audit we focused on relevant risk areas and review the compliance with the laws and regulations by making relevant enquiries and undertaking corroboration, for example by reviewing Board Minutes and other documentation.
3. We assessed the risk of material misstatement in the financial statements including as a result of fraud and undertook procedures including:
 - a. Reviewing the controls set in place by management
 - a. Making enquiries of management as to whether they consider fraud or other irregularity may have taken place, or where such opportunity might exist
 - b. Challenging management assumptions with regard to accounting estimates
 - c. Identifying and testing journal entries, particularly those which appear to be unusual by size or nature

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE ENGINEERING TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEE DIRECTORS OF THE ENGINEERING TRUST

Use of our report

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

Samantha Daniels

Samantha Daniels (Senior Statutory Auditor)
for and on behalf of Shaw Gibbs (Audit) Limited

30 May 2023

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Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
Oxfordshire
OX2 7DY

Shaw Gibbs (Audit) Limited is eligible for appointment as auditor of the group by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE ENGINEERING TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

		Unrestricted funds	Unrestricted funds as restated
		2022	2021
	Notes	£	£
<u>Income and endowments from:</u>			
Charitable activities	3	25,859	-
Other trading activities	4	785,933	594,639
Investments	5	138	51
Other income	7	11,500	-
Total income		823,430	594,690
<u>Expenditure on:</u>			
Raising funds	8	924,230	630,873
Charitable activities	9	78,209	24,758
Total expenditure		1,002,439	655,631
Net expenditure for the year/ Net movement in funds		(179,009)	(60,941)
Fund balances at 1 September 2021		359,298	420,239
Fund balances at 31 August 2022		180,289	359,298

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE ENGINEERING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

		Unrestricted funds	Unrestricted funds as restated
		2022	2021
	Notes	£	£
<u>Income and endowments from:</u>			
Charitable activities	3	25,859	-
Investments	6	30,296	36,461
Total income		<u>56,155</u>	<u>36,461</u>
<u>Expenditure on:</u>			
Charitable activities	10	110,010	86,946
Total expenditure		<u>110,010</u>	<u>86,946</u>
Net expenditure for the year/ Net movement in funds		(53,855)	(50,485)
Fund balances at 1 September 2021		<u>257,759</u>	<u>308,244</u>
Fund balances at 31 August 2022		<u><u>203,904</u></u>	<u><u>257,759</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE ENGINEERING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2022

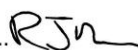
	Notes	Group 2022 £	2021 £	Trust 2022 £	2021 £
Fixed assets					
Tangible assets	16 & 17	29,852	8,621	1,140	1,520
Investments	18	-	-	160,000	160,000
		<u>29,852</u>	<u>8,621</u>	<u>161,140</u>	<u>161,520</u>
Current assets					
Debtors	20 & 21	142,115	108,861	-	4,163
Cash at bank and in hand		251,210	335,041	86,153	94,976
		<u>393,325</u>	<u>443,902</u>	<u>86,153</u>	<u>99,139</u>
Creditors: amounts falling due within one year	22 & 23	(242,888)	(93,225)	(43,389)	(2,900)
Net current assets		<u>150,437</u>	<u>350,677</u>	<u>42,764</u>	<u>96,239</u>
Total assets less current liabilities		<u>180,289</u>	<u>359,298</u>	<u>203,904</u>	<u>257,759</u>
Income funds					
General unrestricted funds		<u>180,289</u>	<u>359,298</u>	<u>203,904</u>	<u>257,759</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2022, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

30 May 2023

The financial statements were approved by the Trustee Directors on

..... 
Mr R Morris
Trustee

Company Registration No. 01706333

THE ENGINEERING TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	28		(58,915)		(57,508)
Investing activities					
Purchase of tangible fixed assets		(25,054)		(1,670)	
Investment income received		138		51	
		<hr/>		<hr/>	
Net cash used in investing activities			(24,916)		(1,619)
Net decrease in cash and cash equivalents			(83,831)		(59,127)
Cash and cash equivalents at beginning of year			335,041		394,168
			<hr/>		<hr/>
Cash and cash equivalents at end of year			251,210		335,041
			<hr/>		<hr/>

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

Charity information

The Engineering Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is 11 Wedgwood Road, Bicester, Oxfordshire, OX26 4UL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the group's Memorandum and Articles of Association incorporated 14 March 1983 as amended 4 May 1983, 25 May 2006 and 2 June 2009, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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).

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The trust is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including the trust, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The trust has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Prior period error

During the preparation of these financial statements, it was noted that a few items were incorrectly classified within the Consolidated and Trust Statement of Financial Activities in 2021. A prior period restatement has therefore been processed, as detailed in note 27.

1.3 Going concern

At the time of approving the financial statements, the trustee directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the trustee directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustee directors in furtherance of their charitable objectives.

1.5 Income

Income is recognised when the group is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

The group's income is largely from the activities of Engineering Trust Training Limited. A significant proportion of this relates to contracts with the Education and Skills Funding Agency for monitoring and assessment of apprenticeships in engineering.

Income from unlisted investments is recognised on a receivable basis.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% Straight line
Plant and equipment	25% Reducing balance
Fixtures and fittings	15-33% Reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.8 Fixed asset investments

Fixed asset investments are held at cost.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

No corporation tax is payable due to the charitable status of the parent company. Taxable profits generated by the trading subsidiary are transferred to the parent company under the gift aid scheme.

1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.16 Government grants

Grants are accounted for on a received basis. Grants for capital items are credited to the cost of the fixed asset.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

2 Critical accounting estimates and judgements

In the application of the group's accounting policies, the trustee directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Charitable activities – Consolidated and Trust

	Summer Camp Income 2022 £	2021 £
Sales within charitable activities	25,859	-

4 Other trading activities – Consolidated

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Engineering apprenticeships and other work-based training	785,933	594,639

5 Investments – Consolidated

	Unrestricted funds 2022 £	Unrestricted funds 2021 £
Interest receivable	138	51

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

6 Investments – Trust

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Rental income	13,200	12,750
Income from unlisted investments	17,086	23,709
Interest receivable	10	2
	<u>30,296</u>	<u>36,461</u>

7 Other income – Consolidated

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Sponsorship revenue	10,000	-
Government grants	1,500	-
	<u>11,500</u>	<u>-</u>

8 Raising funds – Consolidated

	Unrestricted funds	Unrestricted funds as restated
	2022	2021
	£	£
<u>Trading costs</u>		
Direct costs	287,689	158,078
Support costs	636,541	472,795
	<u>924,230</u>	<u>630,873</u>

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

9 Charitable activities – Consolidated

	Training 2022 £	Training as restated 2021 £
Depreciation	380	505
Direct costs	48,569	16,337
	<u>48,949</u>	<u>16,842</u>
Share of support costs (see note 11)	23,033	5,216
Share of governance costs (see note 11)	6,227	2,700
	<u>78,209</u>	<u>24,758</u>

10 Charitable activities – Trust

	Training 2022 £	Training as restated 2021 £
Depreciation	380	505
Direct costs	77,720	71,525
	<u>78,100</u>	<u>72,030</u>
Share of support costs (see note 12)	23,033	5,216
Share of governance costs (see note 12)	8,877	9,700
	<u>110,010</u>	<u>86,946</u>

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

11 Support costs – Consolidated

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Staff costs	456,234	-	456,234	336,802	-	336,802
Depreciation and (profit)/loss on disposal	3,443	-	3,443	1,566	-	1,566
Premises expenses	24,047	-	24,047	5,606	-	5,606
Insurance	6,715	-	6,715	3,875	-	3,875
Computer running costs	35,686	-	35,686	21,513	-	21,513
Motor and travel expenses	41,136	-	41,136	34,543	-	34,543
Subscriptions and publications	1,772	-	1,772	5,280	-	5,280
Printing, postage, stationery and advertising	9,290	-	9,290	10,200	-	10,200
Irrecoverable VAT	25,599	-	25,599	14,011	-	14,011
Other costs	12,593	-	12,593	7,429	-	7,429
Audit and accountancy	-	12,412	12,412	-	7,770	7,770
Legal and professional fees	-	11,314	11,314	-	7,554	7,554
Consulting fees	-	25,560	25,560	-	24,562	24,562
	<u>616,515</u>	<u>49,286</u>	<u>665,801</u>	<u>440,825</u>	<u>39,886</u>	<u>480,711</u>
Analysed between						
Trading	593,482	43,059	636,541	435,609	37,186	472,795
Charitable activities	23,033	6,227	29,260	5,216	2,700	7,916
	<u>616,515</u>	<u>49,286</u>	<u>665,801</u>	<u>440,825</u>	<u>39,886</u>	<u>480,711</u>

Governance costs includes payments to the auditors of £5,300 (2021 - £4,830) for audit fees.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

12 Support costs – Trust

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Premises expenses	15,729	-	15,729	5,215	-	5,215
Marketing and promotion of engineering	6,932	2,650	9,582	-	7,000	7,000
Other costs	372	-	372	1	-	1
Audit and accountancy	-	6,227	6,227	-	2,700	2,700
	<u>23,033</u>	<u>8,877</u>	<u>31,910</u>	<u>5,216</u>	<u>9,700</u>	<u>14,916</u>
Charitable activities	<u>23,033</u>	<u>8,877</u>	<u>31,910</u>	<u>5,216</u>	<u>9,700</u>	<u>14,916</u>

Governance costs includes payments to the auditors of £3,000 (2021 - £2,730) for audit fees.

13 Trustee Directors

None of the trustee directors (or any persons connected with them) received any remuneration or benefits from the group during the year (2021: Nil).

14 Employees – Consolidated and Trust

The average monthly number of employees for the group during the year was:

2022 Number	2021 Number
<u>12</u>	<u>8</u>

The trust had no employees during the current and previous year.

Employment costs	2022 £	2021 £
Wages and salaries	369,949	266,881
Social security costs	34,472	27,653
Other pension costs	18,534	29,746
	<u>422,955</u>	<u>324,280</u>

There were no employees whose annual remuneration was more than £60,000.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

15 Pensions

The group makes payments to a defined contribution pension scheme for the benefit of its employees.

The pension cost for the year was £18,534 (2021: £29,746).

16 Tangible fixed assets – Consolidated

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 September 2021	-	14,712	13,046	27,758
Additions	22,165	2,889	-	25,054
Disposals	-	-	(554)	(554)
At 31 August 2022	22,165	17,601	12,492	52,258
Depreciation and impairment				
At 1 September 2021	-	10,038	9,099	19,137
Depreciation charged in the year	1,205	1,780	728	3,713
Eliminated in respect of disposals	-	-	(444)	(444)
At 31 August 2022	1,205	11,818	9,383	22,406
Carrying amount				
At 31 August 2022	20,960	5,783	3,109	29,852
At 31 August 2021	-	4,674	3,947	8,621

17 Tangible fixed assets – Trust

	Fixtures and fittings £
Cost	
At 1 September 2021	7,250
At 31 August 2022	7,250
Depreciation and impairment	
At 1 September 2021	5,730
Depreciation charged in the year	380
At 31 August 2022	6,110
Carrying amount	
At 31 August 2022	1,140
At 31 August 2021	1,520

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

18 Fixed asset investments – Trust

	Other investments
Cost or valuation	
At 1 September 2021 & 31 August 2022	160,000
Carrying amount	
At 31 August 2022	160,000
At 31 August 2021	160,000

	Notes	2022 £	2021 £
Other investments comprise:			
Investments in subsidiaries	19	160,000	160,000

19 Subsidiaries

Details of the group's subsidiaries at 31 August 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Engineering Trust Training Limited	11 Wedgwood Road, Bicester, Oxfordshire, OX26 7DY	Delivery apprenticeships and training	Ordinary	100.00	

20 Debtors – Consolidated

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	76,998	81,753
Other debtors	10,000	9,150
Prepayments and accrued income	55,117	17,958
	142,115	108,861

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

21 Debtors – Trust

	2022	2021
	£	£
Amounts falling due within one year:		
Other debtors	-	2,163
Prepayments and accrued income	-	2,000
	-	4,163

22 Creditors: amounts falling due within one year – Consolidated

	2022	2021
	£	£
Other taxation and social security	47,931	14,782
Trade creditors	114,146	35,082
Other creditors	25,024	29,680
Accruals and deferred income	55,787	13,681
	242,888	93,225

23 Creditors: amounts falling due within one year – Trust

	2022	2021
	£	£
Other taxation and social security	27,659	-
Trade creditors	582	-
Amounts owed to subsidiary undertakings	9,898	-
Accruals and deferred income	5,250	2,900
	43,389	2,900

24 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	44,553	23,270
Between two and five years	165,870	22,320
In over five years	6,667	-
	217,090	45,590

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

25 Related party transactions

During the year the company received charitable income in relation to the summer camp of £1,494 (2021: £nil) from Navtech Radar Limited, a company in which one of the trustees has an interest.

The group has taken advantage of the exemptions provided by FRS 102 Section 33, not to disclose transactions and outstanding balances with Engineering Trust Training Limited as it is wholly owned by The Engineering Trust.

26 Constitution

The Engineering Trust is a company limited by guarantee. In the event of liquidation, each member is liable to contribute a sum not exceeding £20 if there is a deficiency of assets.

27 Prior period error

During the preparation of these financial statements, it was noted that a few items were incorrectly classified within the Consolidated and Trust Statement of Financial Activities (SOFA) in 2021. A prior period restatement has therefore been processed, as detailed below.

Consolidated SOFA

Charitable costs of £16,327 were incorrectly classified as fundraising costs. These have now been classified within charitable costs as follows; Depreciation - £505 and Direct Costs - £15,822.

Separately, fundraising costs were understated by £62,200 due to an error in the classification of a consolidation elimination adjustment. Charitable costs were overstated by the same amount. This has now been correctly classified against charitable costs.

Fundraising costs increased by £45,873 as a result of the above restatements, and charitable costs decreased by the same amount.

Trust SOFA

Charitable costs of £16,327 were incorrectly classified as fundraising costs. These have now been classified within charitable costs as follows; Depreciation - £505 and Direct Costs - £15,822.

Fundraising costs decreased by £16,327 as a result of the above restatements, and charitable costs increased by the same amount.

There was no impact on the Consolidated or Trust net expenditure from the above restatements.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2022

28	Cash generated from operations – Consolidated	2022	2021
		£	£
	Deficit for the year	(179,009)	(60,941)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(138)	(51)
	Loss on disposal of tangible fixed assets	110	-
	Depreciation and impairment of tangible fixed assets	3,713	2,171
	Movements in working capital:		
	(Increase) in debtors	(33,254)	(28,238)
	Increase in creditors	149,663	29,551
	Cash absorbed by operations	(58,915)	(57,508)
		<u><u> </u></u>	<u><u> </u></u>
29	Analysis of changes in net funds		
	The group had no debt during the year.		