

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 2023

THE ENGINEERING TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustee Directors	Ms S Jaycock	
	Mr R Morris	
	Mr N Locke	(Appointed 22 March 2023)
	Ms C Wilcox	(Appointed 15 September 2023)
	Ms B O'Farrell	(Appointed 26 February 2024)
	Mr B Knott	(Appointed 25 July 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 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 2023

The trustee directors present their annual report and financial statements for the year ended 31 August 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1.1 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 instrument of the company is the Memorandum and Articles of Association incorporated 14 March 1983 as amended January 2024.

Objectives and activities

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

The main activities of the Group are delivered via ETT, involving 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, such as STEM Summer Courses for children aged 8 to 13 years.

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 second year, increasing The Trust's work, and further meeting its charitable aims. The Trust continued to run its own Awards, recognising excellence within the apprentices and employers that ETT work with. It also, for the second time, sponsored a category within the Oxfordshire Apprenticeship Awards and for the first time a category in the Cherwell Business Awards. The Trust worked to strengthen its Board by recruiting more Trustees, continuing the work to improve its oversight and governance. It also adopted new Articles of Association which better reflect the way The Trust is now operated and formed.

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 280 apprentices across the south of England, holding a Grade 2 'Good' OFSTED result across all four areas from its inspection in summer 2022. Changes have been made to our operations which has moved us back to profit and 2022/23 saw a good amount of growth in terms of new apprenticeship opportunities and good growth in terms of people looking to do an apprenticeship. This trend is fuelled by a lack of trained staff in our sector leading to businesses protecting their future by training apprentices and the Government's continued push to promote apprenticeships. ETT delivered its first year at The Engineering Skills Academy (TESA), its training venue in Bicester. Direct delivery of this training has reduced the need for ETT to sub-contract to third party colleges, allowing us to control delivery better and retain more of the funding. Developing TESA has been a significant investment in time and funds allowing ETT to further develop this element of the business and to explore other sources of income. GTD, an organisation who ETT subcontracted learners to in Devon, was moved under direct delivery which eventually will be financial positive for ETT.

THE ENGINEERING TRUST

TRUSTEE DIRECTORS' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

Financial review

2022/23 saw a change to the ETT business model, reducing subcontracting and increasing the numbers of apprentices in training with the organisation, leading it to a surplus position at the end of the year. The Group however has again made a loss, as predicted it would in the previous years Directors' Annual Report, however this is significantly less than the prior year and has set the group up to breakeven or be in profit for 2023/24. The Trust did not get any income from ETT in 22/23 and the STEM Summer Courses programme was also still too immature to produce a surplus to contribute to The Trust's financial position. As such, The Trust has little operating capital to take into the 23/24 and will have to manage their position carefully. As STEM Summer Courses and Saturday STEM Clubs mature they will contribute and the target for 2023/24 is for these to be a financially positive element to The Group.

Engineering Trust Training, although being in a surplus will not gift aid any funds to The Trust for this financial year due to having an insolvent balance sheet.

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, run the third season of its STEM Summer Courses and open its new Saturday STEM Clubs. Continuing to increase The Trust's direct income remains a key objective with the intention of diversifying, so not being solely reliant on income from ETT making a surplus. Income from ETT surplus remains an important source however it has been less reliable recently, meaning the need for The Trust to find other ways to bring funds in directly is more important than ever.

ETT

2023/24 will see ETT strengthen its position within the apprenticeship market, working hard to work with more employers and maximise new starts, apprentice retention and completions. Continuing to develop TESA remains key to moving the business forward, and work to use more of the building will begin in the second half of the year. Commercial courses will also play a role in using the facility more and the appointment of additional staff to accelerate this will happen in the latter part of the year. Achieving a surplus and contributing so the group is either at breakeven or in profit is a financial target, and the intention in the years to come is to improve the surplus to contribute more.

Structure, governance and management

Trustees are drawn predominantly from companies we deliver apprenticeship within and those people make up the members.

During the year, the Directors (Trustees) 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

(Resigned 25 November 2022)

Mr R Morris

Mr N Locke

(Appointed 22 March 2023)

Ms C Wilcox

(Appointed 15 September 2023)

Ms B O'Farrell

(Appointed 26 February 2024)

Mr B Knott

(Appointed 25 July 2023)

THE ENGINEERING TRUST

TRUSTEE DIRECTORS' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

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

Disclosure of information to auditor

Each of the trustee directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

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Mr R Morris
Trustee director

Date:

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 'trust') and its subsidiary (the 'group') for the year ended 31 August 2023 which comprise the group statement of financial activities, the charity statement of financial activities, the group balance sheet, the charity balance sheet, the group statement of cash flows and the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) and Charities SORP.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent trust's affairs as at 31 August 2023 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 and regulations. This helps us to plan appropriate risk assessments.
2. During the audit we focus 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 assess 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;
 - b. Making enquiries of management as to whether they consider fraud or other irregularity may have taken place, or where such opportunity might exist;
 - c. Challenging management assumptions with regard to accounting estimates;
 - d. Identifying and testing journal entries, particularly those which appear to be unusual by size or nature; and
 - e. Reviewing certificates of conformity necessary in order for the company to continue to trade.

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

.....

Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
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 2023

		Unrestricted funds 2023 £	Unrestricted funds 2022 as restated £
	Notes		
<u>Income and endowments from:</u>			
Charitable activities	3	26,921	25,859
Other trading activities	4	1,100,838	785,933
Investments	5	1,540	138
Other income	7	57,561	11,500
Total income		1,186,860	823,430
<u>Expenditure on:</u>			
Raising funds	8	1,141,910	946,273
Charitable activities	9	61,452	78,209
Total expenditure		1,203,362	1,024,482
Net expenditure for the year/ Net outgoing resources		(16,502)	(201,052)
Taxation	26	12,303	-
Net movement in funds		(4,199)	(201,052)
Fund balances at 1 September 2022		158,246	359,298
Fund balances at 31 August 2023		154,047	158,246

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

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 2023

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<u>Income and endowments from:</u>			
Charitable activities	3	26,921	25,859
Investments	6	196	30,296
Total income		<u>27,117</u>	<u>56,155</u>
<u>Expenditure on:</u>			
Charitable activities	10	61,452	110,010
Total expenditure		<u>61,452</u>	<u>110,010</u>
Net expenditure for the year/ Net outgoing resources		<u>(34,335)</u>	<u>(53,855)</u>
Net movement in funds		<u>(34,335)</u>	<u>(53,855)</u>
Fund balances at 1 September 2022		<u>203,904</u>	<u>257,759</u>
Fund balances at 31 August 2023		<u><u>169,569</u></u>	<u><u>203,904</u></u>

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

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 2023

		Group 2023	2022 as restated	Trust 2023	2022
	Notes	£	£	£	£
Fixed assets					
Tangible assets	16 & 17	191,493	29,852	760	1,140
Investments	18	-	-	160,000	160,000
		<u>191,493</u>	<u>29,852</u>	<u>160,760</u>	<u>161,140</u>
Current assets					
Debtors	20 & 21	191,106	142,115	1,434	-
Cash at bank and in hand		132,224	251,210	32,441	86,153
		<u>323,330</u>	<u>393,325</u>	<u>33,875</u>	<u>86,153</u>
Creditors: amounts falling due within one year	22 & 23	(293,310)	(264,931)	(25,066)	(43,389)
Net current assets		<u>30,020</u>	<u>128,394</u>	<u>8,809</u>	<u>42,764</u>
Total assets less current liabilities		<u>221,513</u>	<u>158,246</u>	<u>169,569</u>	<u>203,904</u>
Creditors: amounts falling due after more than one year	24	(67,466)	-	-	-
Net assets		<u>154,047</u>	<u>158,246</u>	<u>169,569</u>	<u>203,904</u>
Income funds					
General unrestricted funds		<u>154,047</u>	<u>158,246</u>	<u>169,569</u>	<u>203,904</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 2023, 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.

The financial statements were approved by the Trustee Directors on

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Mr R Morris
Trustee

Company Registration No. 01706333

THE ENGINEERING TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash absorbed by operations	30		(22,500)		(58,915)
Investing activities					
Purchase of tangible fixed assets		(98,026)		(25,054)	
Investment income received		1,540		138	
Net cash used in investing activities			(96,486)		(24,916)
Net decrease in cash and cash equivalents			(118,986)		(83,831)
Cash and cash equivalents at beginning of year			251,210		335,041
Cash and cash equivalents at end of year			132,224		251,210

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

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 January 2024, 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

Following a review of the balances in the prior year, it was noted that a holiday pay accrual should have been accounted for in the 2022 financial statements. A prior year adjustment has therefore been made to account for this and details of this are shown in note 32.

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 ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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. Training revenue is recognised in the period the service is provided. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Income from unlisted investments is recognised on a receivable basis.

Other income is made up of sponsorships, grants and a license fee for the use of the group's training facilities.

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	Straight line over the life of the lease
Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	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.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

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.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.12 Taxation

The tax credit represents deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of financial activities because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred Tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of financial activities, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the statement of financial activities.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies (Continued)

1.17 Government grants

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

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 2023 £	Summer Camp Income 2022 £
Sales within charitable activities	26,921	25,859

4 Other trading activities – Consolidated

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Engineering apprenticeships and other work-based training	1,100,838	785,933

5 Investments – Consolidated

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Interest receivable	1,540	138

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

6 Investments – Trust

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Rental income	-	13,200
Income from unlisted investments	-	17,086
Interest receivable	196	10
	<u>196</u>	<u>30,296</u>

7 Other income – Consolidated

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Sponsorship and grant revenue	35,000	10,000
Licence to occupy income	22,561	-
Government grants	-	1,500
	<u>57,561</u>	<u>11,500</u>

8 Raising funds – Consolidated

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	as restated £
<u>Trading costs</u>		
Direct costs	296,641	287,689
Support costs	845,269	658,584
Trading costs	<u>1,141,910</u>	<u>946,273</u>

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

9 Charitable activities – Consolidated

	Training 2023 £	Training 2022 £
Depreciation	380	380
Direct costs	13,647	48,569
	<u>14,027</u>	<u>48,949</u>
Share of support costs (see note 11)	37,125	23,033
Share of governance costs (see note 11)	10,300	6,227
	<u>61,452</u>	<u>78,209</u>

10 Charitable activities – Trust

	Training 2023 £	Training 2022 £
Depreciation	380	380
Direct costs	13,647	77,720
	<u>14,027</u>	<u>78,100</u>
Share of support costs (see note 12)	37,125	23,033
Share of governance costs (see note 12)	10,300	8,877
	<u>61,452</u>	<u>110,010</u>

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

11 Support costs – Consolidated

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	£	£	£	as restated £	£	as restated £
Staff costs	584,782	-	584,782	478,277	-	478,277
Depreciation and (profit)/ loss on disposal	20,337	-	20,337	3,443	-	3,443
Premises expenses	72,097	-	72,097	24,047	-	24,047
Marketing and promotion of engineering	5,291	-	5,291	-	-	-
Insurance	5,015	-	5,015	6,715	-	6,715
Computer running costs	24,878	-	24,878	35,686	-	35,686
Motor and travel expenses	51,070	-	51,070	41,136	-	41,136
Subscriptions and publications	4,954	-	4,954	1,772	-	1,772
Printing, postage, stationery and advertising	14,212	-	14,212	9,290	-	9,290
Irrecoverable VAT	45,886	-	45,886	25,599	-	25,599
Other costs	15,460	-	15,460	12,593	-	12,593
Audit and accountancy	-	21,574	21,574	-	12,412	12,412
Legal and professional fees	-	4,029	4,029	-	11,314	11,314
Consulting fees	-	23,109	23,109	-	25,560	25,560
	<u>843,982</u>	<u>48,712</u>	<u>892,694</u>	<u>638,558</u>	<u>49,286</u>	<u>687,844</u>
Analysed between						
Trading	806,857	38,412	845,269	615,525	43,059	658,584
Charitable activities	37,125	10,300	47,425	23,033	6,227	29,260
	<u>843,982</u>	<u>48,712</u>	<u>892,694</u>	<u>638,558</u>	<u>49,286</u>	<u>687,844</u>

Governance costs includes payments to the auditors of £9,500 (2022 - £5,300) for audit fees.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

12 Support costs – Trust

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2022 £
Premises expenses	1,901	-	1,901	15,729	-	15,729
Marketing and promotion of engineering	35,190	-	35,190	6,932	2,650	9,582
Other costs	34	-	34	372	-	372
Audit and accountancy	-	10,300	10,300	-	6,227	6,227
	<u>37,125</u>	<u>10,300</u>	<u>47,425</u>	<u>23,033</u>	<u>8,877</u>	<u>31,910</u>
Charitable activities	<u>37,125</u>	<u>10,300</u>	<u>47,425</u>	<u>23,033</u>	<u>8,877</u>	<u>31,910</u>

Governance costs includes payments to the auditors of £5,500 (2022 - £3,000) 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 (2022: Nil).

14 Employees – Consolidated and Trust

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

2023 Number	2022 Number
14	12

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

Employment costs

	2023 £	2022 as restated £
Wages and salaries	476,493	391,992
Social security costs	45,454	34,472
Other pension costs	26,750	18,534
	<u>548,697</u>	<u>444,998</u>

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

14 Employees – Consolidated and Trust

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2023 Number	2022 Number
£60,001 to £70,000	1	-

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 £26,750 (2022: 18,534).

16 Tangible fixed assets – Consolidated

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2022	22,165	17,601	12,492	52,258
Additions	87,259	87,248	7,851	182,358
At 31 August 2023	109,424	104,849	20,343	234,616
Depreciation and impairment				
At 1 September 2022	1,205	11,818	9,383	22,406
Depreciation charged in the year	17,068	2,697	952	20,717
At 31 August 2023	18,273	14,515	10,335	43,123
Carrying amount				
At 31 August 2023	91,151	90,334	10,008	191,493
At 31 August 2022	20,960	5,783	3,109	29,852

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

17 Tangible fixed assets – Trust

	Fixtures, fittings & equipment £
Cost	
At 1 September 2022	7,250
At 31 August 2023	7,250
Depreciation and impairment	
At 1 September 2022	6,110
Depreciation charged in the year	380
At 31 August 2023	6,490
Carrying amount	
At 31 August 2023	760
At 31 August 2022	1,140

18 Fixed asset investments – Trust

	Other investments
Cost or valuation	
At 1 September 2022 & 31 August 2023	160,000
Carrying amount	
At 31 August 2023	160,000
At 31 August 2022	160,000

	Notes	2023 £	2022 £
Other investments comprise:			
Investments in subsidiaries	19	160,000	160,000

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

19 Subsidiaries

Details of the group's subsidiaries at 31 August 2023 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

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	103,950	76,998
Other debtors	10,787	10,000
Prepayments and accrued income	64,066	55,117
	<u>178,803</u>	<u>142,115</u>

	2023 £	2022 £
Amounts falling due after more than one year:		
Deferred tax asset (note 26)	12,303	-
	<u>12,303</u>	<u>-</u>
Total debtors	<u>191,106</u>	<u>142,115</u>

21 Debtors – Trust

	2023 £	2022 £
Amounts falling due within one year:		
Prepayments and accrued income	1,434	-
	<u>1,434</u>	<u>-</u>

22 Creditors: amounts falling due within one year – Consolidated

	Notes	2023 £	2022 as restated £
Obligations under finance leases	25	16,866	-
Other taxation and social security		27,726	47,931
Trade creditors		148,001	114,146
Other creditors		19,026	25,024
Accruals and deferred income		81,691	77,830
		<u>293,310</u>	<u>264,931</u>

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

23 Creditors: amounts falling due within one year – Trust

	2023 £	2022 £
Other taxation and social security	5,598	27,659
Trade creditors	6,793	582
Amounts owed to subsidiary undertakings	4,175	9,898
Accruals and deferred income	8,500	5,250
	<u>25,066</u>	<u>43,389</u>

24 Creditors: amounts falling due after more than one year - Consolidated

	Notes	2023 £	2022 £
Obligations under finance leases	25	<u>67,466</u>	<u>-</u>

25 Finance lease obligations

Future minimum lease payments due under finance leases:

	2023 £	2022 £
Within one year	16,866	-
Within two and five years	67,466	-
	<u>84,332</u>	<u>-</u>

26 Deferred tax

The following are the major deferred tax liabilities and assets, recognised by the group and movements thereon:

Group	2023 £	2022 £
Accelerated capital allowances - Liability	(47,683)	-
Tax losses carried forward - Asset	59,986	-
	<u>12,303</u>	<u>-</u>

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

(Continued)

26 Deferred tax

Movements on deferred tax

	2023 £
Accelerated capital allowances	(47,683)
Tax losses carried forward	59,986
	<hr/>
Asset at 31 August 2023	12,303
	<hr/> <hr/>

27 Operating lease commitments

Lessee

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:

	2023 £	2022 £
Within one year	54,189	44,553
Between two and five years	140,894	165,870
In over five years	-	6,667
	<hr/>	<hr/>
	195,083	217,090
	<hr/> <hr/>	<hr/> <hr/>

28 Related party transactions

During the year the trust received charitable income from the following companies in which some of the trustees have an interest: -

Navtech Radar Limited - £1,016 (2022: £1,494)
High Spec Composites Ltd - £254 (2022: £nil)

During the year Engineering Trust Training Limited received income and/or incurred (expenditure) from/with the following companies in which some of the trustees have an interest: -

Navtech Radar Limited - Income £5,470 (2022: £596)
Group Training and Development Limited - Income £48,055 (2022: £nil); Expenditure £(80,313) (2022: £nil).

Amounts due from/(to) the above companies as at the year-end were as follows: -

Navtech Radar Limited - £2,700 (2022: £nil)
Group Training and Development Limited - £(23,619) (2022: £nil)

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.

29 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.

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

30	Cash generated from operations – Consolidated	2023	2022 as restated		
		£	£		
	Deficit for the year	(4,199)	(201,052)		
	Adjustments for:				
	Taxation credited	(12,303)	-		
	Investment income recognised in statement of financial activities	(1,540)	(138)		
	(Gain)/loss on disposal of tangible fixed assets	-	110		
	Depreciation and impairment of tangible fixed assets	20,717	3,713		
	Movements in working capital:				
	(Increase) in debtors	(36,688)	(33,254)		
	Increase in creditors	11,513	171,706		
	Cash absorbed by operations	(22,500)	(58,915)		
31	Analysis of changes in net funds – Consolidated				
	At 1 September 2022	Cash flows	New finance leases	At 31 August 2023	
	£	£	£	£	
	Cash at bank and in hand	251,210	(118,986)	-	132,224
	Obligations under finance leases	-	-	(84,332)	(84,332)
		251,210	(118,986)	(84,332)	47,892
32	Prior period adjustment				
					31 August 2022 £
	Adjustments to prior year				
	Recognise holiday pay accrual				(22,043)
	Total adjustments				(22,043)
	Funds as previously reported				180,289
	Funds as adjusted				158,246

THE ENGINEERING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

32 Prior period adjustment

(Continued)

Changes to the consolidated statement of financial activities

	Year ended 31 August 2022		
	As previously reported	Adjustment	As restated
	£	£	£
Raising funds	924,230	22,043	946,273
Net expenditure for the year	(179,009)	(22,043)	(201,052)
Net movement in funds	(179,009)	(22,043)	(201,052)

Changes to the consolidated balance sheet

	At 31 August 2022		
	As previously reported	Adjustment	As restated
	£	£	£
Creditors due within one year			
Accruals and deferred income	(55,787)	(22,043)	(77,830)
Net current assets	150,437	(22,043)	128,394
Total assets less current liabilities	180,289	(22,043)	158,246
Income funds			
Unrestricted funds	180,289	(22,043)	158,246
Total funds	180,289	(22,043)	158,246

Notes to reconciliation

Following a review of the balances in the prior year, it was noted that a holiday pay accrual should have been accounted for in the 2022 financial statements. A prior year adjustment has therefore been made to account for this. The impact on the comparative amounts is shown above.