

SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LTD

England & Wales · Charity number 307299

Details

Other names	S E T A
Status	Registered
Legal form	Charitable company
Company number	00971293
Registered	1970-06-16
Register	View on the Charity Commission register

Contact

Address	Seta First Avenue Millbrook Southampton SO15 0LJ
Phone	02380878305
Email	rheighington@seta-training.co.uk
Website	seta-training.co.uk

Activities

Objects: TO ADVANCE THE THEORETICAL AND PRACTICAL EDUCATION AND TRAINING OF PERSONS ENGAGED OR INTENDING TO BE ENGAGED IN THE ENGINEERING INDUSTRY. TO PROVIDE EQUIP AND CARRY ON TRAINING CENTRES WORKSHOPS, LIBRARIES OR ANY OTHER FACILITIES FOR TRAINING AND EDUCATION

Activities: To advance the theoretical and practical education and training of persons engaged or intending to be engaged in the negineering industry.

Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, Economic/community Development/employment
- **Who:** Children/young People

Geography

- Hampshire
- Southampton City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£3,110,037	£2,942,862	£460,549	44
2024-08-31	£3,054,343	£3,041,109	£304,765	48
2023-08-31	£2,800,396	£2,835,456	£302,206	47
2022-08-31	£2,531,377	£2,496,921	£337,266	43
2021-08-31	£2,357,214	£2,284,842	£302,810	39

Trustees

Name	Role	Appointed
Tim Millard	Chair	2014-09-01
CHRISTOPHER JOHN SAVAGE		2013-02-05
GLYN EDWARD MASON		2012-05-25
Ken Brett		2024-05-28

SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LTD

England & Wales - Charity number 307299

Accounts

REGISTERED COMPANY NUMBER: 00971293 (England and Wales)
REGISTERED CHARITY NUMBER: 307299

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025
FOR
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

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FOR THE YEAR ENDED 31 AUGUST 2025**

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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2025**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2025. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our aim is to be the training provider of choice for employers requiring training services for the development of their engineering staff in the South of England by offering a combination of workshop training and technical qualifications to meet the requirements of the engineering and manufacturing industries in the local area and beyond. The training offered coupled with excellent customer service means we have established a loyal customer base and a high level of repeat business with businesses choosing SETA as their preferred supplier. Referrals by satisfied customers frequently introduces new customers so consequently, income is not dependant on large expenditure sales and marketing campaigns.

SETA is positioned to provide specialist training services to the engineering, manufacturing and construction industry sectors and strives to offer a comprehensive technical training service. New courses are continually introduced and bespoke courses offered in response to employer requests and market trends.

SETA is committed to delivering high quality, value for money apprenticeships and supporting young people to enter the engineering and manufacturing sector. SETA offers an apprenticeship recruitment service to employers and has seen an increase in applications in the past year due to the careers work undertaken to ensure young people are aware of engineering apprenticeships. Career information, advice and guidance is provided to candidates who have applied for vacancies and this continues throughout their apprenticeship. SETA work closely with Professional Engineering Institutions (PEI's) and local Universities enabling seamless and continual professional development for apprentices who complete and progress through their career pathways.

The legal requirement to maintain safeguarding, safety and wellbeing arrangements for all learners and our staff is paramount and particularly important and is under constant review through rigorous internal self-assessment. We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equity, diversity and inclusion respected and the equality of opportunity promoted.

Public benefit

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the academic year 2024/25: 301 (2023/24: 269) apprentices were in learning and, of these, 34 (2023/24: 30) completed with a pass rate of 89.5% (2023/24: 93.3%). Overall we have an achievement rate of 54.8% (2023/24: 56%) and a retention rate of 61.3% (2023/24: 60%). Our achievement rates for 2025 are lower than in 2024 and below the national average. The national data is recorded earlier in the year than previously and with our programmes being mainly 42 months some completions will not be recorded in the data set. There were also continuous delays with end point assessment. These will be reviewed in the Autumn.

Of the 58 (2023/24: 92) new enrolments in the year 28 (2023/24: 55) were aged between 16 and 18, 30 (2023/24: 37) were aged 19+.

STRATEGIC REPORT

Achievements and performance

Fundraising activities

The charity has not participated in any direct or funded fundraising to date. No donations of plant and equipment from employers and suppliers have been received this year.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2025**

STRATEGIC REPORT

Financial review

Principal funding sources

The principal source of funding arises from apprenticeships funded by the Department for Education (DfE) representing 54% (2024: 49%) of income. The remaining 46% (2024: 51%) of income arises from commercial course delivery and consultancy.

Reserves policy

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £364,455 (2024: £220,119) which represents 7% (2024: 7%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 33% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

Performance

The results for the year and the financial position of the association are shown in the annexed accounts. These show a surplus for the financial year which the Trustees recommend be added to the reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 83 year lease which expires 28/03/2054 leaving an unexpired term of 30 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £81,784 (2024: £84,646) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £77,237 (3%) compared with the previous year. This is due to increased commercial sales, more apprentices on programme and the introduction of Skills Boot Camp training programmes.

Safeguarding and mental health support continues to rise year on year. In 2022 we introduced Student Welfare & Development as part of our pastoral services team which enables learners to receive dedicated learning support as those with complex learning needs continues to increase.

In September 2024 our 'first year off the job' training programme was revamped. We introduced a SETA Foundation Certificate rather than the traditional PEO award meaning we could ensure the training offered met the skills, knowledge & behaviours (SKBs) of each Apprenticeship Standard.

We ensured that learners whose academic qualifications did not meet the required standard to start their technical qualification in Year 1 were not penalised and introduced a full functional skills programme to allow them to get up to speed. They will start their technical qualification in Year 2 enabling them to achieve without compromise.

This year, a new policy has been implemented whereby termination fees are charged when employers withdraw apprentices before completion of their program. Previously, early withdrawal did not incur any additional cost; however, under the revised structure, employers are now liable for these fees. As a result of this change, the total termination fees charged during the year amount to £14,500, reflecting the financial impact of early apprentice withdrawals under the new policy.

Fixed assets

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2025**

STRATEGIC REPORT

Principal risks and uncertainties

As an Independent Training Provider (ITP), principal risks and uncertainties are heavily influenced by the reliance on government and commercial funding, evolving regulations and the need to deliver high-quality, compliant training in a competitive market. Much of the income comes from fixed rate government funding for apprenticeships and although there has been increased investment in apprenticeships and bootcamps there has still not been an increase in apprenticeship funding bands. This causes a significant financial squeeze when operational costs, particularly staff salaries need to rise in line with inflation. SETA does not solely rely on a government contract from the DfE for its income but any sudden decrease in funding or contract termination due to a breach would lead to severe financial instability or provider failure.

Any change in a funding stream, fluctuations in learner enrolment or funding that 'follows the learner' rather than being paid upfront can create challenges for consistent cash flow.

Regulatory bodies like the DfE and Ofsted can reclaim funds if compliance standards are not met or we do not adhere to the funding rules set out in the new financial handbook.

The proposed Growth & Skills Levy represents a significant overhaul of the current Apprenticeship Levy and will allow employers greater freedom in how they spend their funds so causes uncertainty for providers in the future.

The overdraft facility has been retained with the bank as a contingency.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement, including Cyber Essentials Plus certification. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Department for Education (DfE).

Further risks include:

- Our eligibility to remain on the Apprenticeship, Training & Assessment Register (ATAR) - subject to the following:
- Management of funds received via DfE.
- Financial stability of our organisation (financial health assessment).
- Meeting the requirements of the new Financial Handbook for Independent Training Providers, effective from August 2025.
- The ability to develop, maintain and grow the apprenticeship scheme in line with sector requirements.
- HMI (OFSTED) Grade 3 (or above).
- Maintaining other associated kite marks akin to an educational establishment.
- Satisfactory safeguarding, safety and welfare arrangements.
- Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). Delays in completion of apprenticeships negatively impact financial performance and quality achievement rates (QARs); both are measured via the DfE and can ultimately impact ATAR placement.
- Income from commercial training is essential due to the high costs associated with delivering apprenticeships in engineering and to maintain adequate short-term cash flow. It will not be possible to achieve planned increases in apprenticeships unless growth in commercial training develops at a matched rate. Accommodating this growth will necessitate extending the existing premises or relocation to larger premises within the City but commercial rents and stamp duty are at an all-time high, making this option difficult.
- Commercial courses represent 46% of the total income and are vital to supporting the apprenticeship programmes which are typically 3 or 4 years in duration and income is 'drip fed' monthly by the Department for Education (DfE) with 20% being retained until apprentices reach Gateway.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2025**

STRATEGIC REPORT

Future plans

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeships and commercial training courses. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment are fundamental to help employers understand the changes to funding rules annually and extract maximum value from their Levy investment. SETA has established a package providing a competitive edge against competitors and will continue to help secure apprenticeship contracts with employers far and wide.

SETA is one of the largest providers of engineering training services in the South; we must continue to review funding viability on schemes and ensure apprenticeship training is sustainable to deliver whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships are provided at Level 3 or 4 and attract the highest funding band available; very few apprenticeships are provided at Level 2 which are not sustainable or popular with employers and offer candidates limited progression opportunities. We must continue engagement services with local Schools, FE Colleges and Partners, Award Organisations, Stakeholders and the local community to promote career opportunities within our Sector as this will ensure a sustainable feeder system of potential new apprenticeship applicants. Forging links with Universities and Professional Engineering Institutions will be crucial to facilitate progression pathways and higher retention levels of the skilled employee workforce.

We run a schedule of Taster days, Jobs Fairs and other open events to encourage young people into the Centre to see what encompasses an engineering apprenticeship.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical, health & safety and hazardous area training courses. The income earned from these services represents 46% (2024: 52%) of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio to enable this provision to grow to meet any future apprenticeship reforms.

SETA has been delivering apprenticeships at the centre in First Avenue since 1969, and the building is becoming increasingly difficult to maintain and meet the requirements of new, sustainability aspirations. The commercial delivery and assessment is delivered from a smaller building in Second Avenue which can cause operational challenges. The long-term objective is to move to a larger, modern facility to encompass operations in one place.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

The governing document is the Memorandum and Articles of Association, updated in January 1970. This document was reviewed and updated in 2021 in line with changes to the charity operating procedures.

Recruitment and appointment to the Council of Trustees

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2025**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of engineering apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Consultants are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the Trustees.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 3% for staff recruited after this date. Staff will contribute a minimum of 5% to reach the 8% Government requirement.

Induction and training of new trustees

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00971293 (England and Wales)

Registered Charity number

307299

Registered office

First Avenue
Millbrook
Southampton
Hampshire
SO15 0LJ

Trustees

G E Mason
T J Millard
C J Savage
K Brett
Mrs A Lancashire (resigned 4.11.2025)

Company Secretary

R W Heighington

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2025**

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Key Management:

Mrs J D Gough CEO

Bankers

National Westminster Bank plc
12 High Street
Southampton
Hampshire
SO14 2NX

GOING CONCERN

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Southampton Engineering Training Association Limited (The) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2025**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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

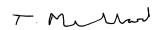
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 06 Feb 2026 and signed on the board's behalf by:



.....
T J Millard - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED (THE)

Opinion

We have audited the financial statements of Southampton Engineering Training Association Limited (The) (the 'charitable company') for the year ended 31 August 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED (THE)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michaela Johns

Michaela Johns FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AP
08 Feb 2026

Date:

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2025**

		2025	2024
		Unrestricted	Total funds
		funds	
	Notes	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	2	-	22,429
Charitable activities	4		
Courses and training		3,107,819	3,030,581
Investment income	3	2,218	1,333
Total		3,110,037	3,054,343
EXPENDITURE ON			
Raising funds	5	1,017	648
Charitable activities	6		
Courses and training		534,438	488,115
Staff costs		1,889,051	2,086,486
Establishment		202,470	199,173
Plant material and equipment		79,021	55,353
General expenses		248,256	222,009
Total		2,954,253	3,051,784
NET INCOME		155,784	2,559
RECONCILIATION OF FUNDS			
Total funds brought forward		304,765	302,206
TOTAL FUNDS CARRIED FORWARD		460,549	304,765

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE) (REGISTERED NUMBER: 00971293)
TRADING AS SETA**

**BALANCE SHEET
31 AUGUST 2025**

		2025 Unrestricted funds £	2024 Total funds £
FIXED ASSETS	Notes		
Tangible assets	12	370,179	355,974
CURRENT ASSETS			
Debtors	13	283,679	281,415
Cash at bank and in hand		193,109	37,203
		<u>476,788</u>	<u>318,618</u>
CREDITORS			
Amounts falling due within one year	14	(369,525)	(362,637)
NET CURRENT ASSETS		<u>107,263</u>	<u>(44,019)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>477,442</u>	<u>311,955</u>
CREDITORS			
Amounts falling due after more than one year	15	(16,893)	(7,190)
NET ASSETS		<u>460,549</u>	<u>304,765</u>
FUNDS	18		
Unrestricted funds		460,549	304,765
TOTAL FUNDS		<u>460,549</u>	<u>304,765</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 08 Feb 2026
..... and were signed on its behalf by:

T. Millard

.....
T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2025**

	Notes	2025 £	2024 £
Cash flows from operating activities			
Cash generated from operations	1	202,618	34,560
Interest paid		(1,017)	(648)
Net cash provided by operating activities		201,601	33,912
Cash flows from investing activities			
Purchase of tangible fixed assets		(39,663)	(28,973)
Sale of tangible fixed assets		1,750	-
Interest received		2,218	1,333
Net cash used in investing activities		(35,695)	(27,640)
Cash flows from financing activities			
Loan repayments in year		(10,000)	(10,000)
Net cash used in financing activities		(10,000)	(10,000)
Change in cash and cash equivalents in the reporting period		155,906	(3,728)
Cash and cash equivalents at the beginning of the reporting period		37,203	40,931
Cash and cash equivalents at the end of the reporting period		193,109	37,203

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2025**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2025 £	2024 £
Net income for the reporting period (as per the Statement of Financial Activities)	155,784	2,559
Adjustments for:		
Depreciation charges	38,823	33,911
Loss on disposal of fixed assets	11,625	-
Interest received	(2,218)	(1,333)
Interest paid	1,017	648
(Increase)/decrease in debtors	(2,264)	2,756
Decrease in creditors	(149)	(3,981)
Net cash provided by operations	202,618	34,560

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.24 £	Cash flow £	Other non-cash changes £	At 31.8.25 £
Net cash				
Cash at bank and in hand	37,203	155,906		193,109
	<u>37,203</u>	<u>155,906</u>		<u>193,109</u>
Debt				
Finance leases	-	-	(26,740)	(26,740)
Debts falling due within 1 year	(10,310)	2,810	-	(7,500)
Debts falling due after 1 year	(7,190)	7,190	-	-
	<u>(17,500)</u>	<u>10,000</u>	<u>(26,740)</u>	<u>(34,240)</u>
Total	<u>19,703</u>	<u>165,906</u>	<u>(26,740)</u>	<u>158,869</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2025**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Income

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

Expenditure

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold premises (1st Avenue - building)	Over the remaining period of the 83 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% - 33.33% reducing balance

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

Government grants

The following government grants were received in the prior year:

Business Interruption Payment (BIP) under the Bounce Back Loan scheme: The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

1. ACCOUNTING POLICIES - continued

Government grants

Leased assets

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

Grants

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

2. DONATIONS AND LEGACIES

	2025	2024
	£	£
Donations	-	22,429
	<u> </u>	<u> </u>

3. INVESTMENT INCOME

	2025	2024
	£	£
Deposit account interest	2,218	1,333
	<u> </u>	<u> </u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2025	2024
	Courses and training £	Total activities £
Employer contributions	37,503	54,175
Training	156,180	132,798
Welding courses	37,875	57,780
DfE funding	1,690,038	1,488,878
Miscellaneous income	375	12,481
Canteen sales and sundry	1,846	993
Commercial courses	975,004	959,179
AM2 testing	188,851	300,914
Travel recovered	20,147	23,383
	<u> </u>	<u> </u>
	<u>3,107,819</u>	<u>3,030,581</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

5. RAISING FUNDS

Other trading activities

	2025	2024
	£	£
Interest payable and similar charges	1,017	648
	<u><u> </u></u>	<u><u> </u></u>

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	534,438	-	534,438
Staff costs	1,889,051	-	1,889,051
Establishment	202,470	-	202,470
Plant material and equipment	79,021	-	79,021
General expenses	236,865	11,391	248,256
	<u><u>2,941,845</u></u>	<u><u>11,391</u></u>	<u><u>2,953,236</u></u>

7. SUPPORT COSTS

	Governance costs £
General expenses	11,391
	<u><u> </u></u>

8. NET INCOME/(EXPENDITURE)

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

	2025	2024
	£	£
Auditors' remuneration	7,391	6,835
Auditors' remuneration for non audit work	4,000	3,840
Depreciation - owned assets	35,461	33,911
Depreciation - assets on hire purchase contracts and finance leases	3,362	-
Other operating leases	100,074	92,941
Deficit on disposal of fixed assets	11,625	-
	<u><u> </u></u>	<u><u> </u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2025 nor for the year ended 31 August 2024.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2025 nor for the year ended 31 August 2024.

10. STAFF COSTS

	2025	2024
	£	£
Wages and salaries	1,585,068	1,753,850
Social security costs	177,171	181,377
Other pension costs	122,600	140,313
	<u>1,884,839</u>	<u>2,075,540</u>

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

	2025	2024
Employees	<u>44</u>	<u>48</u>

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

	2025	2024
£60,001 - £70,000	-	1
£70,001 - £80,000	2	2
	<u>2</u>	<u>3</u>

Contributions were made into the Pension Schemes for the higher paid employees of £12,698 (2024: £19,298)

The total key management remuneration including pension and benefits as noted above is £91,069 (2024: £166,279)

During the year, there were no payments as a result of redundancy (2024: £18,459).

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	22,429
Charitable activities	
Courses and training	3,030,581
Investment income	1,333
Total	<u>3,054,343</u>
EXPENDITURE ON	
Raising funds	648
Charitable activities	
Courses and training	488,115
Staff costs	2,086,486
Establishment	199,173
Plant material and equipment	55,353
General expenses	222,009
Total	<u>3,051,784</u>
NET INCOME	2,559
RECONCILIATION OF FUNDS	
Total funds brought forward	302,206
TOTAL FUNDS CARRIED FORWARD	<u><u>304,765</u></u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

12. TANGIBLE FIXED ASSETS

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
COST				
At 1 September 2024	74,370	335,000	921,172	1,330,542
Additions	-	-	66,403	66,403
Disposals	-	-	(723,923)	(723,923)
At 31 August 2025	74,370	335,000	263,652	673,022
DEPRECIATION				
At 1 September 2024	74,370	71,330	828,868	974,568
Charge for year	-	8,917	29,906	38,823
Eliminated on disposal	-	-	(710,548)	(710,548)
At 31 August 2025	74,370	80,247	148,226	302,843
NET BOOK VALUE				
At 31 August 2025	-	254,753	115,426	370,179
At 31 August 2024	-	263,670	92,304	355,974

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes Ellard Limited.

If the buildings had not been included at valuation, they would have been included under the historical cost convention as follows:

	2025 £	2024 £
Cost	383,307	383,307
Accumulated depreciation	(210,577)	(204,179)
	172,730	179,128

The net book value of tangible assets within the above includes £26,899 (2024: £nil) in respect of assets held under hire purchase contracts.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

12. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £
COST	
Additions	30,261
DEPRECIATION	
Charge for year	3,362
NET BOOK VALUE	
At 31 August 2025	26,899
At 31 August 2024	-

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Trade debtors	155,969	115,614
Prepayments	127,710	165,801
	283,679	281,415

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025	2024
	£	£
Bank loans and overdrafts (see note 16)	7,500	10,310
Hire purchase (see note 17)	9,847	-
Trade creditors	30,632	39,844
Social security and other taxes	40,284	154,741
VAT	62,491	43,192
Other creditors	2,222	1,713
Accruals and deferred income	110,339	84,386
Income in advance	106,210	28,451
	369,525	362,637

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The amount of this income is as follows:

	2025	2024
	£	£
Deferred at 31 August 2024	28,451	46,035
Release during the year	(28,451)	(46,035)
Deferred during the year	106,210	28,451
	<u>106,210</u>	<u>28,451</u>
Deferred at 31 August 2025	<u>106,210</u>	<u>28,451</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2025	2024
	£	£
Bank loans (see note 16)	-	7,190
Hire purchase (see note 17)	16,893	-
	<u>16,893</u>	<u>7,190</u>
	<u>16,893</u>	<u>7,190</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2025	2024
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>7,500</u>	<u>10,310</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>7,190</u>
	<u>-</u>	<u>7,190</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2025	2024
	£	£
Net obligations repayable:		
Within one year	9,847	-
Between one and five years	16,893	-
	<u>26,740</u>	<u>-</u>
	<u>26,740</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025

17. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2025	2024
	£	£
Within one year	64,000	58,828
Between one and five years	206,260	202,450
In more than five years	943,600	983,600
	<u>1,213,860</u>	<u>1,244,878</u>

18. MOVEMENT IN FUNDS

	At 1.9.24 £	Net movement in funds £	Transfers between funds £	At 31.8.25 £
Unrestricted funds				
General fund	220,119	155,784	2,862	378,765
Fair value reserve	84,646	-	(2,862)	81,784
	<u>304,765</u>	<u>155,784</u>	<u>-</u>	<u>460,549</u>
TOTAL FUNDS	<u>304,765</u>	<u>155,784</u>	<u>-</u>	<u>460,549</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,110,037	(2,954,253)	155,784
	<u>3,110,037</u>	<u>(2,954,253)</u>	<u>155,784</u>
TOTAL FUNDS	<u>3,110,037</u>	<u>(2,954,253)</u>	<u>155,784</u>

Comparatives for movement in funds

	At 1.9.23 £	Net movement in funds £	Transfers between funds £	At 31.8.24 £
Unrestricted funds				
General fund	214,692	2,559	2,868	220,119
Fair value reserve	87,514	-	(2,868)	84,646
	<u>302,206</u>	<u>2,559</u>	<u>-</u>	<u>304,765</u>
TOTAL FUNDS	<u>302,206</u>	<u>2,559</u>	<u>-</u>	<u>304,765</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,054,343	(3,051,784)	2,559
TOTAL FUNDS	<u>3,054,343</u>	<u>(3,051,784)</u>	<u>2,559</u>

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

	At 1.9.23 £	Net movement in funds £	Transfers between funds £	At 31.8.25 £
Unrestricted funds				
General fund	214,692	158,343	5,730	378,765
Fair value reserve	87,514	-	(5,730)	81,784
	<u>302,206</u>	<u>158,343</u>	<u>-</u>	<u>460,549</u>
TOTAL FUNDS	<u>302,206</u>	<u>158,343</u>	<u>-</u>	<u>460,549</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	6,164,380	(6,006,037)	158,343
TOTAL FUNDS	<u>6,164,380</u>	<u>(6,006,037)</u>	<u>158,343</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2025**

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2025 nor for the year ended 31 August 2024.

20. COMPANY STATUS

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £10 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2025 was 5 (2024: 5).

21. TAXATION

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.



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SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LTD

England & Wales - Charity number 307299

Accounts

REGISTERED COMPANY NUMBER: 00971293 (England and Wales)
REGISTERED CHARITY NUMBER: 307299

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024
FOR
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

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**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2024. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop training and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering, building services and construction industry sectors and strives to offer a comprehensive technical training service. New courses are continually introduced and existing courses revised in response to employer requests and market trends.

SETA is committed to delivering high quality, value for money apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 4. Career information, advice and guidance is provided to candidates who have applied for vacancies and continually throughout their training programmes. SETA work closely with Professional Engineering Institutions (PEI's) and local Universities enabling seamless and continual professional development for apprentices who complete and progress through their career pathways.

The legal requirement to maintain safeguarding, safety and wellbeing arrangements for all learners and our staff is paramount and particularly important and is under constant review through rigorous internal self-assessment. We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equity, diversity and inclusion is respected and the equality of opportunity is promoted.

Public benefit

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the academic year 2023/24: 269 (2022/23: 260) apprentices were in learning and, of these, 30 (2022/23:80) completed. Overall, 26 (2022/23: 44) candidates successfully completed their apprenticeships giving an overall success rate of 52% (2022/23: 55%). Our achievement rates for 2024 were predictably lower than in 2023 due to the impact of the coronavirus pandemic and continuous delays with end point assessment. Achievement rates remain broadly in line with national trends.

Of the 92 (2022/23: 94) new enrolments in the year 55 (2022/23: 35) were aged between 16 and 18, 37 (2022/23: 59) were aged 19+.

STRATEGIC REPORT

Achievement and performance

Fundraising activities

The charity has not participated in any direct or funded fundraising to date. However, donations from employers and suppliers of plant and equipment have been received.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Financial review

Principal funding sources

The principal source of funding arises from apprenticeships funded by the Education and Skills Funding Agency (ESFA) representing 49% (2023: 45%) of income. The remaining 51% (2023: 55%) of income arises from commercial course delivery and consultancy

Reserves policy

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £217,251 (2023: £214,692) which represents 7% (2023: 8%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 33% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

Performance

The results for the year and the financial position of the association are shown in the annexed accounts. These show a deficit for the financial year which the Trustees recommend be deducted from the reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 83 year lease which expires 28/03/2054 leaving an unexpired term of 30 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £84,646 (2023: £87,514) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £255,901 (8%) compared with the previous year. This is due to increased commercial sales, more apprentices on programme and the introduction of Skills Bootcamp training programmes.

Safeguarding and mental health support continues to rise year on year. In 2022 we introduced Student Welfare & Development as part of our pastoral services team which enables learners to receive dedicated learning support as we find more and more with complex learning needs.

Our 2024 our 'first year off the job' training programme was revamped. We introduced a SETA Foundation Certificate rather than the traditional PEO award meaning we could ensure the training offered met the skills, knowledge & behaviours (SKBs) of each Apprenticeship Standard.

We ensured that learners whose academic qualifications did not meet the required standard to start their technical qualification in Year 1 were not penalised and introduced a full functional skills programme to allow them to get up to speed. They will start their technical qualification in Year 2 enabling them to achieve without compromise.

Fixed assets

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Principal risks and uncertainties

In the Autumn Statement 2023, the Department of Education (DFE) announced a new two year £50m apprenticeship growth sector pilot which launched from April 2024.

The pilot aim was to boost funding for eligible providers delivering 13 high-value advanced manufacturing and engineering, green and life sciences apprenticeship standards. The DFE would support providers with £3,000 per apprentice start, to make capital investment that will unlock their ability to grow and deliver training in the standards in scope of the pilot i.e. by purchasing fixed assets such as course specific equipment, tools and machinery. Providers would be able to claim funding once they delivered a minimum of 15 starts per standard (and once each learner had achieved a minimum of 42 days of learning).

In August 2024, the Growth Pilot funding rules were released, and even though SETA delivered two of the relevant apprenticeship standards, they were standards with low enrolments so this precluded us from meeting the rules from the outset. Statistics showed that out of the 45 independent training providers, only 15 would be eligible to meet the funding rules.

Apprenticeship funding bands were set in 2017, inflation has increased by 27.90% (2023: 27.71%) and there has been no inflation related rise in apprenticeship funding to keep up with this increase. The eagerly awaited growth pilot was expected to go some way towards meeting this shortfall, enabling providers to make capital investment. The constant increases in utility and energy bills, materials and consumables puts pressure on the budgets. We continue to work with all suppliers and contractors to secure the best rates possible.

The 2023-24 year has been particularly difficult resulting in a restructure and three redundancies; the Chief Operations Officer (COO), Head of Strategy and Apprenticeship Recruitment consultant. A wage freeze was announced which caused concerns amongst staff resulting in several leavers. While teaching staff had to be replaced, it allowed for changes to be introduced. The negative impact was the need to use recruitment agencies who attract high costs for their services.

The overdraft facility has been retained with the bank as a contingency.

The 'cost of living crisis' saw a huge increase in utility and energy bills and unprecedented increases in costs of materials and consumables. Wage increases to keep up with the cost of living have pushed operational costs to an all-time high all of which has had a negative impact. Procurement is continually under review and we continue to work with all suppliers and our contractors to secure the best possible outcomes.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement including Cyber Essentials Plus certification. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

Further risks include:

Our eligibility to remain on the Apprenticeship, Training & Assessment Register (ATAR) - subject to the following:

- Management of funds received via ESFA.
- Financial stability of our organisation (financial health assessment).
- Meeting the requirements of the new Financial Handbook for Independent Training Providers, effective from August 2024.
- The ability to develop, maintain and grow the apprenticeship scheme in line with Sector requirements.
- HMI (OFSTED) Grade 3 (or above)
- Maintaining other associated kite marks akin to an educational establishment.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

- Satisfactory safeguarding, safety and welfare arrangements.
- Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). Delays in completion of apprenticeships negatively impact financial performance and success figures; both are measured via HM Inspectorate and can ultimately impact ATAR placement
- Commercial courses represent 52% of the total income and are vital to supporting the apprenticeship programmes which are typically 3 or 4 years in duration and income is 'drip fed' on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until apprentices reach Gateway.

Future plans

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeships and commercial training courses. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment are fundamental to help employers understand the changes to funding rules annually and extract maximum value from their Levy investment. SETA has established a package providing a competitive edge against competitors and will continue to help secure apprenticeship contracts with employers far and wide.

SETA is the largest provider of engineering training services in the South; we must continue to review funding viability on schemes and ensure apprenticeship training is sustainable to deliver whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships are provided at Level 3 or 4 and attract the highest funding band available; very few apprenticeships are provided at Level 2 which are not sustainable or popular with employers and offer candidates limited progression opportunities. We must continue engagement services with local Schools, FE Colleges and Partners, Award Organisations, Stakeholders and the local community to promote career opportunities within our Sector as this will ensure a sustainable feeder system of potential new apprenticeship applicants. Forging links with Universities and Professional Engineering Institutions will be crucial to facilitate progression pathways and higher retention levels of the skilled employee workforce.

We run a schedule of Taster days, Jobs Fairs and other open events to encourage young people into the Centre to see what encompasses an engineering apprenticeship.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical health & safety and hazardous area training courses. The income earned from these services represents 52% (2023: 50%) of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio to enable this provision to grow to meet any future apprenticeship reforms.

SETA has been delivering apprenticeships at the centre in First Avenue since 1969, and the building is becoming increasingly difficult to maintain and meet the requirements of new, sustainability aspirations. The commercial delivery and assessment is delivered from a smaller building in Second Avenue which can cause operational challenges. The long-term objective is to move to a larger, modern facility to encompass operations in one place.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document was reviewed and updated in 2021 in line with changes to the charity operating procedures.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment to the Council of Trustees

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

Organisational structure

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Consultants are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the Trustees.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 3% for staff recruited after this date. Staff will contribute a minimum of 5% to reach the 8% Government requirement.

Induction and training of new trustees

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00971293 (England and Wales)

Registered Charity number

307299

Registered office

First Avenue
Millbrook
Southampton
Hampshire
SO15 0LJ

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

Trustees

Ms J E Freemantle
G E Mason
T J Millard
C J Savage
Ms A Lancashire
Mr K Brett

Resigned 20 May 2024

Appointed 28 May 2024

Company Secretary

R W Heighington

Auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Key Management:

M D Driscoll
Mrs J D Gough

COO until 30 April 2024
CEO

Bankers

National Westminster Bank plc
12 High Street
Southampton
Hampshire
SO14 2NX

GOING CONCERN

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Southampton Engineering Training Association Limited (The) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ~~31 Jan 2025~~..... and signed on the board's behalf by:



.....
R W Heighington - Secretary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED (THE)

Opinion

We have audited the financial statements of Southampton Engineering Training Association Limited (The) (the 'charitable company') for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)**

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)**

Our responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michaela Johns

Michaela Johns FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

31 Jan 2025

Date:

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2024**

		2024	2023
		Unrestricted	Total funds
		funds	
	Notes	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	2	22,429	13,181
Charitable activities	4		
Courses and training		3,030,581	2,786,636
Investment income	3	1,333	579
Total		3,054,343	2,800,396
EXPENDITURE ON			
Raising funds	5	648	648
Charitable activities	6		
Courses and training		488,115	439,167
Staff costs		2,086,486	1,966,038
Establishment		199,173	174,981
Plant material and equipment		55,353	59,819
General expenses		222,009	194,803
Total		3,051,784	2,835,456
NET INCOME/(EXPENDITURE)		2,559	(35,060)
RECONCILIATION OF FUNDS			
Total funds brought forward		302,206	337,266
TOTAL FUNDS CARRIED FORWARD		304,765	302,206

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**BALANCE SHEET
31 AUGUST 2024**

		2024	2023
		Unrestricted	Total funds
	Notes	funds	
		£	£
FIXED ASSETS			
Tangible assets	12	355,974	360,912
CURRENT ASSETS			
Debtors	13	281,415	284,171
Cash at bank and in hand		37,203	40,931
		318,618	325,102
CREDITORS			
Amounts falling due within one year	14	(362,637)	(346,472)
NET CURRENT ASSETS		(44,019)	(21,370)
TOTAL ASSETS LESS CURRENT LIABILITIES		311,955	339,542
CREDITORS			
Amounts falling due after more than one year	15	(7,190)	(37,336)
NET ASSETS		304,765	302,206
FUNDS	18		
Unrestricted funds		304,765	302,206
TOTAL FUNDS		304,765	302,206

The financial statements were approved by the Board of Trustees and authorised for issue on 31 Jan 2025 and were signed on its behalf by:

Tim Millard
.....
T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024**

	Notes	2024 £	2023 £
Cash flows from operating activities			
Cash generated from operations	1	34,560	42,552
Interest paid		(648)	(648)
Net cash provided by operating activities		33,912	41,904
Cash flows from investing activities			
Purchase of tangible fixed assets		(28,973)	(33,331)
Interest received		1,333	579
Net cash used in investing activities		(27,640)	(32,752)
Cash flows from financing activities			
Loan repayments in year		(10,000)	(10,000)
Net cash used in financing activities		(10,000)	(10,000)
Change in cash and cash equivalents in the reporting period		(3,728)	(848)
Cash and cash equivalents at the beginning of the reporting period		40,931	41,779
Cash and cash equivalents at the end of the reporting period		37,203	40,931

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024**

**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

	2024	2023
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	2,559	(35,060)
Adjustments for:		
Depreciation charges	33,911	36,792
Interest received	(1,333)	(579)
Interest paid	648	648
Decrease/(increase) in debtors	2,756	(53,411)
(Decrease)/increase in creditors	(3,981)	94,162
Net cash provided by operations	34,560	42,552

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.23	Cash flow	At 31.8.24
	£	£	£
Net cash			
Cash at bank and in hand	40,931	(3,728)	37,203
	40,931	(3,728)	37,203
Debt			
Debts falling due within 1 year	(10,056)	(254)	(10,310)
Debts falling due after 1 year	(17,444)	10,254	(7,190)
	(27,500)	10,000	(17,500)
Total	13,431	6,272	19,703

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Income

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

Expenditure

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

Tangible fixed assets

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

Leasehold premises (1st Avenue - building)	Over the remaining period of the 83 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% - 33.33% reducing balance

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

Government grants

The following government grants were received in the prior year:

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

1. ACCOUNTING POLICIES - continued

Government grants

Business Interruption Payment (BIP) under the Bounce Back Loan scheme: The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

Leased assets

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

Grants

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

2. DONATIONS AND LEGACIES

	2024	2023
	£	£
Donations	<u>22,429</u>	<u>13,181</u>

3. INVESTMENT INCOME

	2024	2023
	£	£
Deposit account interest	<u>1,333</u>	<u>579</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2024	2023
	Courses and training £	Total activities £
Employer contributions	54,175	40,753
Training	132,798	195,047
Welding courses	57,780	46,018
ESFA funding	1,488,878	1,273,864
Miscellaneous income	12,481	1,116
Canteen sales and sundry	993	1,686
Commercial courses	959,179	927,487
AM2 testing	300,914	292,989
Travel recovered	23,383	7,676
	<u>3,030,581</u>	<u>2,786,636</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

5. RAISING FUNDS

Other trading activities

	2024	2023
	£	£
Interest payable and similar charges	648	648

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	488,115	-	488,115
Staff costs	2,086,486	-	2,086,486
Establishment	199,173	-	199,173
Plant material and equipment	55,353	-	55,353
General expenses	208,039	13,970	222,009
	3,037,166	13,970	3,051,136

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
General expenses	3,295	10,675	13,970

8. NET INCOME/(EXPENDITURE)

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

	2024	2023
	£	£
Auditors' remuneration	6,835	6,510
Auditors' remuneration for non audit work	3,840	3,940
Depreciation - owned assets	33,911	36,793
Other operating leases	92,941	94,527

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2024 nor for the year ended 31 August 2023.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2024 nor for the year ended 31 August 2023.

10. STAFF COSTS

	2024	2023
	£	£
Wages and salaries	1,753,850	1,641,846
Social security costs	181,377	172,641
Other pension costs	140,313	144,924
	<u>2,075,540</u>	<u>1,959,411</u>

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

	2024	2023
Employees	<u>48</u>	<u>47</u>

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

	2024	2023
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
	<u>3</u>	<u>3</u>

Contributions were made into the Pension Schemes for the higher paid employees of £19,298 (2023: £19,320).

The total key management remuneration including pension and benefits as noted above is £166,279 (2023: £174,393)

During the year, two employees were paid a total of £18,459 (2023: £nil) as a result of redundancy.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	13,181
Charitable activities	
Courses and training	2,786,636
Investment income	579
Total	<u>2,800,396</u>
EXPENDITURE ON	
Raising funds	648
Charitable activities	
Courses and training	439,167
Staff costs	1,966,038
Establishment	174,981
Plant material and equipment	59,819
General expenses	194,803
Total	<u>2,835,456</u>
NET INCOME/(EXPENDITURE)	(35,060)
RECONCILIATION OF FUNDS	
Total funds brought forward	337,266
TOTAL FUNDS CARRIED FORWARD	<u><u>302,206</u></u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

12. TANGIBLE FIXED ASSETS

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
COST				
At 1 September 2023	74,370	335,000	892,199	1,301,569
Additions	-	-	28,973	28,973
At 31 August 2024	74,370	335,000	921,172	1,330,542
DEPRECIATION				
At 1 September 2023	74,370	62,414	803,873	940,657
Charge for year	-	8,916	24,995	33,911
At 31 August 2024	74,370	71,330	828,868	974,568
NET BOOK VALUE				
At 31 August 2024	-	263,670	92,304	355,974
At 31 August 2023	-	272,586	88,326	360,912

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes Ellard Limited.

If the buildings had not been included at valuation, they would have been included under the historical cost convention as follows:

	2024 £	2023 £
Cost	383,307	383,307
Accumulated depreciation	(204,179)	(197,781)
	179,128	185,526

There were no capital commitments outstanding at 31 August 2024 (2023: £nil).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 £
Trade debtors	115,614	152,531
Prepayments	165,801	131,640
	281,415	284,171

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Bank loans and overdrafts (see note 16)	10,310	10,056
Trade creditors	39,844	46,347
Social security and other taxes	154,741	99,192
VAT	43,192	41,397
Other creditors	1,713	872
Accruals and deferred income	84,386	102,573
Income in advance	28,451	46,035
	362,637	346,472

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

The amount of this income is as follows:

	2024	2023
	£	£
Deferred at 31 August 2023	46,035	52,684
Release during the year	(46,035)	(52,684)
Deferred during the year	28,451	46,035
Deferred at 31 August 2024	28,451	46,035

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023
	£	£
Bank loans (see note 16)	7,190	17,444
Social security and other taxes	-	19,892
	<u>7,190</u>	<u>37,336</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2024	2023
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>10,310</u>	<u>10,056</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>7,190</u>	<u>10,331</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>7,113</u>

17. LEASING AGREEMENTS

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

	2024	2023
	£	£
Within one year	58,828	61,387
Between one and five years	202,450	221,491
In more than five years	983,600	1,023,600
	<u>1,244,878</u>	<u>1,306,478</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

18. MOVEMENT IN FUNDS

	At 1.9.23 £	Net movement in funds £	Transfers between funds £	At 31.8.24 £
Unrestricted funds				
General fund	214,692	2,559	2,868	220,119
Fair value reserve	87,514	-	(2,868)	84,646
	<u>302,206</u>	<u>2,559</u>	<u>-</u>	<u>304,765</u>
TOTAL FUNDS	<u>302,206</u>	<u>2,559</u>	<u>-</u>	<u>304,765</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,054,343	(3,051,784)	2,559
	<u>3,054,343</u>	<u>(3,051,784)</u>	<u>2,559</u>
TOTAL FUNDS	<u>3,054,343</u>	<u>(3,051,784)</u>	<u>2,559</u>

Comparatives for movement in funds

	At 1.9.22 £	Net movement in funds £	Transfers between funds £	At 31.8.23 £
Unrestricted funds				
General fund	246,892	(35,060)	2,860	214,692
Fair value reserve	90,374	-	(2,860)	87,514
	<u>337,266</u>	<u>(35,060)</u>	<u>-</u>	<u>302,206</u>
TOTAL FUNDS	<u>337,266</u>	<u>(35,060)</u>	<u>-</u>	<u>302,206</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,800,396	(2,835,456)	(35,060)
TOTAL FUNDS	<u>2,800,396</u>	<u>(2,835,456)</u>	<u>(35,060)</u>

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

	At 1.9.22 £	Net movement in funds £	Transfers between funds £	At 31.8.24 £
Unrestricted funds				
General fund	246,892	(32,501)	5,728	220,119
Fair value reserve	90,374	-	(5,728)	84,646
	<u>337,266</u>	<u>(32,501)</u>	<u>-</u>	<u>304,765</u>
TOTAL FUNDS	<u>337,266</u>	<u>(32,501)</u>	<u>-</u>	<u>304,765</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	5,854,739	(5,887,240)	(32,501)
TOTAL FUNDS	<u>5,854,739</u>	<u>(5,887,240)</u>	<u>(32,501)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2024 nor for the year ended 31 August 2023.

20. COMPANY STATUS

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £10 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2024 was 5 (2023: 5).

21. TAXATION

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2024**

	2024 £	2023 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	22,429	13,181
Investment income		
Deposit account interest	1,333	579
Charitable activities		
Employer contributions	54,175	40,753
Training	132,798	195,047
Welding courses	57,780	46,018
ESFA funding	1,488,878	1,273,864
Miscellaneous income	12,481	1,116
Canteen sales and sundry	993	1,686
Commercial courses	959,179	927,487
AM2 testing	300,914	292,989
Travel recovered	23,383	7,676
	3,030,581	2,786,636
Total incoming resources	3,054,343	2,800,396
EXPENDITURE		
Other trading activities		
Bank loan interest	648	648
Charitable activities		
Wages	1,750,555	1,637,831
Social security	181,377	172,641
Pensions	140,313	144,924
Other operating leases	92,941	94,527
Rates and water	15,228	12,151
Insurance	22,967	19,545
Light and heat	42,729	41,711
Telephone	9,895	9,534
Postage and stationery	3,462	10,979
Advertising	4,878	660
Sundries	1,677	457
Course cost	463,065	425,604
Carried forward	2,729,087	2,570,564

This page does not form part of the statutory financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (THE)
TRADING AS SETA**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2024**

	2024 £	2023 £
Charitable activities		
Brought forward	2,729,087	2,570,564
Validation fees	50	125
Private healthcare scheme	13,606	13,890
Staff training	1,356	6,626
Cleaning laundry and refuse	26,447	12,328
Repairs and maintenance	20,302	17,746
Motor and travel	27,094	20,635
Catering and canteen	15,976	16,455
Reference books, subs, film hire and module manuals	1,227	335
Safety and first aid	5,302	4,657
Award ceremonies and entertaining	618	3,688
Computer expenses	65,768	63,780
Subscriptions	40	-
HMRC late interest and fines	5,749	2,152
Recruitment expenses	33,695	11,256
Legal fees	31,760	19,329
Bank charges	7,361	6,546
Irrecoverable VAT	17,817	13,438
Depreciation of long leasehold premises	8,916	8,917
Depreciation of plant and machinery	24,995	27,876
	3,037,166	2,820,343
Support costs		
Management		
Wages	3,295	4,015
Governance costs		
Auditors' remuneration	6,835	6,510
Auditors' remuneration for non audit work	3,840	3,940
	10,675	10,450
Total resources expended	3,051,784	2,835,456
Net income/(expenditure)	2,559	(35,060)

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SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LTD

England & Wales - Charity number 307299

Accounts

REGISTERED COMPANY NUMBER: 00971293 (England and Wales)
REGISTERED CHARITY NUMBER: 307299

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023
FOR
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

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

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop training and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering, building services and construction industry sectors and strives to offer a comprehensive technical training service. New courses are continually introduced and existing courses revised in response to employer requests and market trends.

SETA is committed to delivering high quality, value for money apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 4. Career information, advice and guidance is provided to candidates who have applied for vacancies and continually throughout their training programmes. SETA work closely with Professional Engineering Institutions (PEI's) and local Universities enabling seamless and continual professional development for apprentices who complete and progress through their career pathways.

The legal requirement to maintain safeguarding, safety and wellbeing arrangements for all learners and our staff is paramount and particularly important and is under constant review through rigorous internal self-assessment. We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equity, diversity and inclusion is respected and the equality of opportunity is promoted.

Public benefit

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the academic year 2022/23: 260 (2021/22: 250) apprentices were in learning and, of these, 80 (2021/22: 73) completed. Overall, 44 (2021/22: 49) candidates successfully completed their apprenticeships giving an overall success rate of 55% (2021/22: 67%). Our achievement rates for 2023 were predictably lower than in 2022 due to the impact of the coronavirus pandemic and continuous delays with end point assessment. Achievement rates remain broadly in line with national trends.

Of the 94 (2021/22: 70) new enrolments in the year 35 (2021/22: 45) were aged between 16 and 18, 47 (2021/22: 18) were aged between 19 and 24 and 12 (2021/22: 7) were aged over 25.

STRATEGIC REPORT

Achievement and performance

Fundraising activities

The charity does not participate in any direct or funded fundraising. However, donations are made by employers and suppliers; these are mostly plant and equipment.

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

STRATEGIC REPORT

Financial review

Principal funding sources

The principal source of funding arises from apprenticeships funded by the Education and Skills Funding Agency (ESFA) representing 45% (2022: 47%) of income. The remaining 55% of income arises from commercial course delivery and consultancy.

Reserves policy

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £214,692 (2022: £246,892) which represents 8% (2022: 10%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 35% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

Performance

The results for the year and the financial position of the association are shown in the annexed accounts. These show a deficit for the financial year which the Trustees recommend be deducted from the reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 83 year lease which expires 28/03/2054 leaving an unexpired term of 31 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £87,514 (2022: £90,374) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £255,901 (10%) compared with the previous year. This is due to increased commercial sales and more apprentices on programme.

Safeguarding has continued to be an area of review. Since the pandemic there has been a significant increase in mental health issues with 1:4 apprentices and a similar ratio of staff affected. SETA formed a dedicated Pastoral Services Team to support students and staff. Another post-pandemic statistic has been the number of students requiring learning support. This has increased year on year so a Learning Support Tutor (Student Welfare & Development) and a dedicated Functional Skills Teacher have been introduced to support students with their studies.

Fixed assets

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

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

STRATEGIC REPORT

Principal risks and uncertainties

In 2017, a major Government reform of apprenticeships and funding ensued. Previous legislation enabled employers to be invoiced by providers for 'off the job training' traditionally delivered 'in Centre' during the first year and this provided a substantial cash flow benefit. Reforms mean funding is now calculated against negotiated parameters; the duration of apprenticeship (typically three years), candidate prior attainment levels and end assessment costs. Consequently, funds are 'drip fed' to SETA monthly, thus reducing cash flow. Our plan identified it would take three years to re-establish income levels but the Pandemic thwarted this plan leading to a reduction in apprenticeship starts during 2020/21 and apprentices withdrawing. In November 2022, The Institute for Apprenticeships and Technical Education (IFATE) announced an exceptional review of apprenticeship funding bands due to the significant rise in delivery costs, the outcome of which was due to be announced in January 2023. Twenty apprenticeships were initially in scope for funding uplifts including those in the Engineering sector but in March 2023 it was revealed that ten of the twenty were opted out of the review by their employer-led trailblazer groups, including those in the engineering sector instead wanting a full review including content, funding and assessment. Figures released show that since Apprenticeship funding bands were set in 2017, inflation has increased by 27.71%. There has been no inflation related rise in apprenticeship funding to keep up with this increase which puts further pressure on apprenticeship training delivery.

A reduced value overdraft facility has been retained with the bank as a contingency.

The 'cost of living crisis' saw a huge increase in utility and energy bills and unprecedented increases in costs of materials and consumables. Wage increases to keep up with the cost of living have pushed operational costs to an all-time high all of which has had a negative impact. Procurement is continually under review and we continue to work with all suppliers and our contractors to secure the best possible outcomes.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement including Cyber Essentials Plus certification. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

Further risks include:

- Our eligibility to remain on the Apprenticeship, Training & Assessment Register (ATAR) - subject to the following:
 - Management of funds received via ESFA.
 - Financial stability of our organisation (financial health assessment).
 - The ability to develop, maintain and grow the apprenticeship scheme in line with Sector requirements.
 - HMI (OFSTED) Grade 3 (or above)
 - Maintaining other associated kite marks akin to an educational establishment.
 - Satisfactory safeguarding, safety and welfare arrangements.
- Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). Delays in completion of apprenticeships negatively impact financial performance and success figures; both are measured via HM Inspectorate and can ultimately impact ATAR placement.
- Income from commercial training is essential to defray the high costs associated with delivering apprenticeships in engineering and to maintain adequate short term cash flow. It will not be possible to achieve planned increases in apprenticeships unless growth in commercial training develops at a matched rate. Additional training facilities and staff will be required. Accommodating this growth will necessitate extending the existing premises or relocation to a larger city within the City.
- Commercial courses represent 52% of the total income and are vital to supporting the apprenticeship programmes which are typically 3 or 4 years in duration and income is 'drip fed' on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until apprentices reach Gateway.

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

STRATEGIC REPORT

Future plans

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeship training services. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment were fundamental to help employers understand the reforms and extract maximum value from their Levy investment. SETA has established a package providing a competitive edge against competitors and will continue to help secure apprenticeship contracts with employers far and wide.

SETA is the largest provider of engineering training services in the South; we must continue to review funding viability on schemes and ensure apprenticeship training is sustainable to deliver whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships are provided at Level 3 or 4 and attract the highest funding band available; very few apprenticeships are provided at Level 2 which are not sustainable or popular with employers and offer candidates limited progression opportunities. We must continue with engagement services with local Schools, FE Colleges, Partners, Institutions, Award Organisations, Stakeholders and local community to promote career opportunities within our Sector as this will ensure a sustainable feeder system of potential new apprenticeship applicants. Forging links with Universities and Professional Engineering Institutions will be crucial to facilitate progression pathways and higher retention levels of the skilled employee workforce.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical and hazardous area training courses. The income earned from these services represents 50% of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio of services to enable this provision to grow to meet any future apprenticeship reforms.

SETA has been delivering apprenticeships at the centre in First Avenue since 1969, and the building is becoming increasingly difficult to maintain and meet the requirements of new, sustainability aspirations. The commercial delivery and assessment is delivered from a smaller building in Second Avenue which can cause operational challenges. The long-term objective is to move to a larger, modern facility to encompass operations in one place.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

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

The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document was reviewed and updated in 2021 in line with changes to the charity operating procedures.

Recruitment and appointment to the Council of Trustees

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Consultants are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the Trustees.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 3% for staff recruited after this date. Staff will contribute a minimum of 5% to reach the 8% Government requirement.

Induction and training of new trustees

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00971293 (England and Wales)

Registered Charity number

307299

Registered office

First Avenue
Millbrook
Southampton
Hampshire
SO15 0LJ

Trustees

Ms J E Freemantle
G E Mason
T J Millard
C J Savage
Ms A Lancashire

Appointed 1 February 2023

Company Secretary

R W Heighington

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

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Key Management:

M D Driscoll	COO
Mrs J D Gough	CEO

Bankers

National Westminster Bank plc
12 High Street
Southampton
Hampshire
SO14 2NX

GOING CONCERN

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Southampton Engineering Training Association Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ~~26 Feb 2024~~..... and signed on the board's behalf by:

Richard W Heighington

.....
R W Heighington - Secretary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Southampton Engineering Training Association Limited (the 'charitable company') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED

Our responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michaela Johns

Michaela Johns FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

28 Feb 2024
Date:

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2023**

		2023 Unrestricted funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	2	13,181	611
Charitable activities	4		
Courses and training		2,786,636	2,530,735
Investment income	3	579	31
Total		2,800,396	2,531,377
EXPENDITURE ON			
Raising funds	5	648	648
Charitable activities	6		
Courses and training		439,167	441,797
Staff costs		1,966,038	1,651,152
Establishment		174,981	163,426
Plant material and equipment		59,819	74,642
General expenses		194,803	165,256
Total		2,835,456	2,496,921
NET INCOME/(EXPENDITURE)		(35,060)	34,456
RECONCILIATION OF FUNDS			
Total funds brought forward		337,266	302,811
TOTAL FUNDS CARRIED FORWARD		302,206	337,267

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED (REGISTERED NUMBER: 00971293)
TRADING AS SETA**

**BALANCE SHEET
31 AUGUST 2023**

		2023 Unrestricted funds £	2022 Total funds £
FIXED ASSETS	Notes		
Tangible assets	12	360,912	364,374
CURRENT ASSETS			
Debtors	13	284,171	230,760
Cash at bank and in hand		40,931	41,779
		325,102	272,539
CREDITORS			
Amounts falling due within one year	14	(346,472)	(271,955)
NET CURRENT ASSETS		(21,370)	584
TOTAL ASSETS LESS CURRENT LIABILITIES		339,542	364,958
CREDITORS			
Amounts falling due after more than one year	15	(37,336)	(27,691)
NET ASSETS		302,206	337,267
FUNDS	18		
Unrestricted funds		302,206	337,267
TOTAL FUNDS		302,206	337,267

The financial statements were approved by the Board of Trustees and authorised for issue on ~~28 Feb 2024~~..... and were signed on its behalf by:

T J Millard
.....
T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

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

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	42,552	55,444
Interest paid		(648)	(648)
Net cash provided by operating activities		<u>41,904</u>	<u>54,796</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(33,331)	(33,615)
Interest received		579	31
Net cash used in investing activities		<u>(32,752)</u>	<u>(33,584)</u>
Cash flows from financing activities			
Loan repayments in year		(10,000)	(10,000)
Net cash used in financing activities		<u>(10,000)</u>	<u>(10,000)</u>
Change in cash and cash equivalents in the reporting period		<u>(848)</u>	<u>11,212</u>
Cash and cash equivalents at the beginning of the reporting period		<u>41,779</u>	<u>30,567</u>
Cash and cash equivalents at the end of the reporting period		<u><u>40,931</u></u>	<u><u>41,779</u></u>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023**

**1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

	2023 £	2022 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(35,060)	34,456
Adjustments for:		
Depreciation charges	36,792	38,006
Loss on disposal of fixed assets	-	1,667
Interest received	(579)	(31)
Interest paid	648	648
Increase in debtors	(53,411)	(31,786)
Increase in creditors	94,162	12,484
	<u>42,552</u>	<u>55,444</u>
Net cash provided by operations	<u>42,552</u>	<u>55,444</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.22 £	Cash flow £	At 31.8.23 £
Net cash			
Cash at bank and in hand	41,779	(848)	40,931
	<u>41,779</u>	<u>(848)</u>	<u>40,931</u>
Debt			
Debts falling due within 1 year	(9,809)	(247)	(10,056)
Debts falling due after 1 year	(27,691)	10,247	(17,444)
	<u>(37,500)</u>	<u>10,000</u>	<u>(27,500)</u>
Total	<u>4,279</u>	<u>9,152</u>	<u>13,431</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Income

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

Expenditure

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

Tangible fixed assets

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

Leasehold premises (1st Avenue - building)	Over the remaining period of the 83 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% - 33.33% reducing balance

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

Government grants

The following government grants were received in the prior year:

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

1. ACCOUNTING POLICIES - continued

Government grants

Business Interruption Payment (BIP) under the Bounce Back Loan scheme: The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

Leased assets

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

Grants

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

2. DONATIONS AND LEGACIES

	2023	2022
	£	£
Donations	13,181	611

3. INVESTMENT INCOME

	2023	2022
	£	£
Deposit account interest	579	31

4. INCOME FROM CHARITABLE ACTIVITIES

	2023	2022
	Courses and training £	Total activities £
Employer contributions	40,753	34,326
Training	195,047	149,465
Welding courses	46,018	101,055
ESFA funding	1,273,864	1,181,842
Miscellaneous income	1,116	2,079
Canteen sales and sundry	1,686	248
Commercial courses	927,487	826,584
AM2 testing	292,989	227,699
Travel recovered	7,676	7,437
	2,786,636	2,530,735

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

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

5. RAISING FUNDS

Other trading activities

	2023	2022
	£	£
Interest payable and similar charges	648	648

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	439,167	-	439,167
Staff costs	1,962,023	4,015	1,966,038
Establishment	174,981	-	174,981
Plant material and equipment	59,819	-	59,819
General expenses	184,353	10,450	194,803
	2,820,343	14,465	2,834,808

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Staff costs	4,015	-	4,015
General expenses	-	10,450	10,450
	4,015	10,450	14,465

8. NET INCOME/(EXPENDITURE)

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

	2023	2022
	£	£
Auditors' remuneration	6,510	6,200
Auditors' remuneration for non audit work	3,940	3,904
Depreciation - owned assets	36,793	38,006
Other operating leases	94,527	99,022
Deficit on disposal of fixed assets	-	1,667

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

9. TRUSTEES' REMUNERATION AND BENEFITS

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

Trustees' expenses

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

10. STAFF COSTS

	2023 £	2022 £
Wages and salaries	1,641,846	1,348,488
Social security costs	172,641	143,122
Other pension costs	144,924	136,717
	<u>1,959,411</u>	<u>1,628,327</u>

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

	2023	2022
Employees	<u>47</u>	<u>43</u>

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

	2023	2022
£60,001 - £70,000	1	2
£70,001 - £80,000	2	1
	<u>3</u>	<u>3</u>

Contributions were made into the Pension Schemes for the higher paid employees of £19,320 (2022: £18,173).

The total key management remuneration including pension and benefits as noted above is £174,393 (2022: £154,207).

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

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	611
Charitable activities	
Courses and training	2,530,735
Investment income	31
Total	<u>2,531,377</u>
EXPENDITURE ON	
Raising funds	648
Charitable activities	
Courses and training	441,797
Staff costs	1,651,152
Establishment	163,426
Plant material and equipment	74,642
General expenses	165,256
Total	<u>2,496,921</u>
NET INCOME	34,456
RECONCILIATION OF FUNDS	
Total funds brought forward	302,811
TOTAL FUNDS CARRIED FORWARD	<u><u>337,267</u></u>

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

12. TANGIBLE FIXED ASSETS

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
COST				
At 1 September 2022	74,370	335,000	858,868	1,268,238
Additions	-	-	33,331	33,331
At 31 August 2023	74,370	335,000	892,199	1,301,569
DEPRECIATION				
At 1 September 2022	74,370	53,497	775,997	903,864
Charge for year	-	8,917	27,876	36,793
At 31 August 2023	74,370	62,414	803,873	940,657
NET BOOK VALUE				
At 31 August 2023	-	272,586	88,326	360,912
At 31 August 2022	-	281,503	82,871	364,374

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes Ellard Limited.

If the buildings had been included at valuation, they would have been included under the historical cost convention as follows:

	2023 £	2022 £
Cost	383,307	383,307
Accumulated depreciation	(197,781)	(191,383)
	185,526	191,924

There were no capital commitments outstanding at 31 August 2023 (2022: £nil).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	152,531	105,744
Prepayments	131,640	125,016
	284,171	230,760

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 16)	10,056	9,809
Trade creditors	46,347	40,582
Social security and other taxes	99,192	36,079
VAT	41,397	29,117
Other creditors	872	2,431
Accruals and deferred income	102,573	101,253
Income in advance	46,035	52,684
	346,472	271,955

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

The amount of this income is as follows:

	2023	2022
	£	£
Deferred at 31 August 2022	52,684	25,290
Release during the year	(52,684)	(25,290)
Deferred during the year	46,035	52,684
Deferred at 31 August 2023	46,035	52,684

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

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans (see note 16)	17,444	27,691
Social security and other taxes	19,892	-
	<u>37,336</u>	<u>27,691</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>10,056</u>	<u>9,809</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>10,331</u>	<u>10,056</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>7,113</u>	<u>17,635</u>

17. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	61,387	60,849
Between one and five years	221,491	178,066
In more than five years	<u>1,023,600</u>	<u>1,063,600</u>
	<u>1,306,478</u>	<u>1,302,515</u>

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

18. MOVEMENT IN FUNDS

	At 1.9.22 £	Net movement in funds £	Transfers between funds £	At 31.8.23 £
Unrestricted funds				
General fund	246,892	(35,060)	2,860	214,692
Fair value reserve	90,374	-	(2,860)	87,514
	<u>337,266</u>	<u>(35,060)</u>	<u>-</u>	<u>302,206</u>
TOTAL FUNDS	<u>337,266</u>	<u>(35,060)</u>	<u>-</u>	<u>302,206</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,800,396	(2,835,456)	(35,060)
	<u>2,800,396</u>	<u>(2,835,456)</u>	<u>(35,060)</u>
TOTAL FUNDS	<u>2,800,396</u>	<u>(2,835,456)</u>	<u>(35,060)</u>

Comparatives for movement in funds

	At 1.9.21 £	Net movement in funds £	Transfers between funds £	At 31.8.22 £
Unrestricted funds				
General fund	209,577	34,456	2,860	246,893
Fair value reserve	93,234	-	(2,860)	90,374
	<u>302,811</u>	<u>34,456</u>	<u>-</u>	<u>337,267</u>
TOTAL FUNDS	<u>302,811</u>	<u>34,456</u>	<u>-</u>	<u>337,267</u>

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

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,531,377	(2,496,921)	34,456
TOTAL FUNDS	<u>2,531,377</u>	<u>(2,496,921)</u>	<u>34,456</u>

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

	At 1.9.21 £	Net movement in funds £	Transfers between funds £	At 31.8.23 £
Unrestricted funds				
General fund	209,577	(604)	5,720	214,693
Fair value reserve	93,234	-	(5,720)	87,514
	<u>302,811</u>	<u>(604)</u>	<u>-</u>	<u>302,207</u>
TOTAL FUNDS	<u>302,811</u>	<u>(604)</u>	<u>-</u>	<u>302,207</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	5,331,773	(5,332,377)	(604)
TOTAL FUNDS	<u>5,331,773</u>	<u>(5,332,377)</u>	<u>(604)</u>

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

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2023 nor for the year ended 31 August 2022.

20. COMPANY STATUS

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £10 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2023 was 5 (2022: 4).

21. TAXATION

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.

SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LTD

England & Wales - Charity number 307299

Accounts

REGISTERED COMPANY NUMBER: 00971293 (England and Wales)
REGISTERED CHARITY NUMBER: 307299

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022
FOR
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2022**

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

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop training and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering, building services and construction industry sectors and strives to offer a comprehensive technical training service. New courses are continually introduced and existing courses revised in response to employer requests and market trends.

SETA is committed to delivering high quality, value for money apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 4. Career information, advice and guidance is provided to candidates who have applied for vacancies and continually throughout their training programmes. SETA work closely with Professional Engineering Institutions (PEI's) and local Universities enabling seamless and continual professional development for apprentices who complete and progress through their career pathways.

The legal requirement to maintain Safeguarding, safety and wellbeing arrangements for all learners and our staff is paramount and particularly important and is under constant review through rigorous internal self-assessment. We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equality and diversity is respected and the equality of opportunity is promoted.

Public benefit

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the academic year 2021/22: 250 (2020/21: 225) apprenticeships were in learning and, of these, 73 (2020/21: 45) finished. Overall 49 (2020/21: 33) candidates successfully completed their apprenticeships giving an overall success rate of 67% (2020/21: 73%). These rates are higher than the national average achievement for all levels and all sectors.

Of the 70 (2020/21: 35) new enrolments in year 45 (2020/21: 18) were aged between 16 and 18 years of age, 18 (2020/21: 9) were aged between 19 and 23 years of age and 7 (2020/21: 8) were aged over 24 years.

STRATEGIC REPORT

Achievement and performance

Fundraising activities

The charity does not participate in any direct or funded fundraising. However, donations are made by employers and suppliers; these are mostly plant and equipment.

Financial review

Principal funding sources

The principal source of funding arises from apprenticeships funded by the Education and Skills Funding Agency (ESFA) representing 47% (2021: 50%) of income. The majority of the other income is made from commercial income from employers.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2022**

STRATEGIC REPORT

Financial review

Reserves policy

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £246,892 (2021: £209,576) which represents 10% (2021: 9%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 50% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

Performance

The results for the year and the financial position of the association are shown in the annexed accounts. These show a surplus for the financial year which the Trustees recommend be added to reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 84 year lease which expires 28/03/2054 leaving an unexpired term of 33 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £90,374 (2021: £93,234) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £173,599 (7%) compared with the previous year. This is due to increased commercial sales. Also, overall funding has increased from the ESFA for the apprenticeships.

Safeguarding has continued to be an area of review. The pandemic has caused a significant increase in mental health issues with 1:4 apprentices and a similar ratio of staff affected. A dedicated Pastoral Services Team has been created.

Fixed assets

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2022**

STRATEGIC REPORT

Principal risks and uncertainties

In 2017, a major Government reform of apprenticeships and funding ensued. Previous legislation enabled employers to be invoiced by providers for 'off the job training' traditionally delivered 'in Centre' during the first year and this provided a substantial cash flow benefit. Reforms mean funding is now calculated against negotiated parameters; the duration of apprenticeship (typically three years), candidate prior attainment levels and end assessment costs. Consequently, funds are 'drip fed' to SETA monthly, thus reducing cash flow. Our plan identified it would take three years to re-establish income levels but the Pandemic has thwarted this plan leading to a reduction in apprenticeship starts during 2020/21 and apprentices withdrawing. The Apprenticeship Levy is subject to review and we await further announcement pending Government reform. We anticipate this may cause further uncertainty for employers and training providers. A reduced value overdraft facility has been retained with the bank as a contingency.

As we begin to move forward from Coronavirus, new challenges have emerged surrounding the Invasion of Ukraine by Russia and a potential 'cost of living crisis' within the UK. Early indication suggests we will see an increase to energy and materials charges and this may negatively affect operational costs to all businesses, including SETA; procurement is continually under review and we continue to work with all suppliers and our contractors to secure the best possible outcomes.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

Further risks include:

- o Our eligibility to remain on the Register of Training Providers (RoATP) - subject to the following:
- o Management of funds received via ESFA.
- o Financial stability of our organisation (financial health assessment).
- o The ability to develop, maintain and grow the apprenticeship scheme in line with Sector requirements.
- o Maintaining a HMI (OFSTED) Grade 2 (or above)
- o Maintaining other associated kite marks akin to an educational establishment.
- o Satisfactory safeguarding, safety and welfare arrangements.
- o Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). The pandemic has caused major delays to these assessments, with many being switched to a virtual arrangement. Delays in completion of apprenticeships negatively impact financial performance and success figures; both are measured via HM Inspectorate and can ultimately impact RoATP placement.
- o Higher number of apprenticeship starts combined with growth of commercial courses put risk to delivery; instructor availability a potential risk to income. We are also under pressure to expand existing facilities further to accommodate growth of provision and may need to consider relocation opportunities within the City.
- o Commercial courses represent 45% of the total income and are vital to supporting the apprenticeship programmes in lieu of our apprenticeships are typically 3 or 4 years in duration and income is 'drip fed' on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until completion.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2022**

STRATEGIC REPORT

Future plans

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeship training services. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment were fundamental to help employers understand the reforms and extract maximum value from their Levy investment. SETA has established a package providing a competitive edge against competitors and will continue to help secure apprenticeship contracts with employers far and wide.

SETA is the largest provider of engineering training services in the South; we must continue to review funding viability on schemes and ensure apprenticeship training is sustainable to deliver whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships are provided at Level 3 or 4 and attract the highest funding band available; very few apprenticeships are provided at Level 2 which are not sustainable or popular with employers and offer candidates limited progression opportunities. We must continue with engagement services with local Schools, FE Colleges, Partners, Institutions, Award Organisations, Stakeholders and local community to promote career opportunities within our Sector as this will ensure a sustainable feeder system of potential new apprenticeship applicants. Forging links with Universities and Professional Engineering Institutions will be crucial to facilitate progression pathways and higher retention levels of the skilled employee workforce.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical and hazardous area training courses. The income earned from these services represents 50% of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio of services to enable this provision to grow to meet any future apprenticeship reforms.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

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

The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document was reviewed and updated in 2021 in line with changes to the charity operating procedures.

Recruitment and appointment to the Council of Trustees

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2022**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Sub-contractors are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the key management.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 3% for staff recruited after this date. Staff will contribute a minimum of 5% to reach the 8% Government requirement.

Induction and training of new trustees

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00971293 (England and Wales)

Registered Charity number

307299

Registered office

First Avenue
Millbrook
Southampton
Hampshire
SO15 0LJ

Trustees

Ms J E Freemantle
G E Mason
T J Millard
C J Savage
A J Thornton

Resigned 6 December 2021

Company Secretary

R W Heighington

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2022**

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Key Management:

M D Driscoll	COO
Mrs J D Gough	CEO

Bankers

National Westminster Bank plc
12 High Street
Southampton
Hampshire
SO14 2NX

GOING CONCERN

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Southampton Engineering Training Association Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 17th February 2023 and signed on the board's behalf by:



R W Heighington - Secretary

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Opinion

We have audited the financial statements of Southampton Engineering Training Association Limited (the 'charitable company') for the year ended 31 August 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

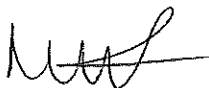
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michaela Johns FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Date: 23 February 2023

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2022**

		2022	2021
		Unrestricted	Total funds
		funds	£
	Notes	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	2	611	74
Charitable activities			
Courses and training		2,530,735	2,357,136
Investment income	3	31	4
Total		2,531,377	2,357,214
EXPENDITURE ON			
Raising funds	5	648	165
Charitable activities	6		
Courses and training		441,797	460,735
Staff costs		1,651,152	1,454,179
Establishment		163,426	152,678
Plant material and equipment		74,642	85,687
General expenses		165,256	131,398
Total		2,496,921	2,284,842
NET INCOME		34,456	72,372
RECONCILIATION OF FUNDS			
Total funds brought forward		302,810	230,438
TOTAL FUNDS CARRIED FORWARD		337,266	302,810

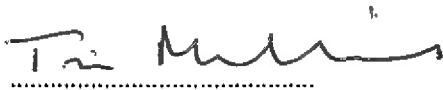
The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**BALANCE SHEET
31 AUGUST 2022**

		2022	2021
		Unrestricted	Total funds
	Notes	funds	£
		£	£
FIXED ASSETS			
Tangible assets	12	364,374	370,432
CURRENT ASSETS			
Debtors	13	230,759	198,973
Cash at bank and in hand		41,779	30,567
		<u>272,538</u>	<u>229,540</u>
CREDITORS			
Amounts falling due within one year	14	(271,955)	(259,084)
NET CURRENT ASSETS		<u>583</u>	<u>(29,544)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>364,957</u>	<u>340,888</u>
CREDITORS			
Amounts falling due after more than one year	15	(27,691)	(38,078)
NET ASSETS		<u>337,266</u>	<u>302,810</u>
FUNDS	18		
Unrestricted funds		337,266	302,810
TOTAL FUNDS		<u>337,266</u>	<u>302,810</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 17th February '23 and were signed on its behalf by:



T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	55,444	41,238
Interest paid		(648)	(165)
Net cash provided by operating activities		<u>54,796</u>	<u>41,073</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(33,615)	(36,826)
Interest received		31	4
Net cash used in investing activities		<u>(33,584)</u>	<u>(36,822)</u>
Cash flows from financing activities			
Loan repayments in year		(10,000)	(2,500)
Net cash used in financing activities		<u>(10,000)</u>	<u>(2,500)</u>
Change in cash and cash equivalents in the reporting period		<u>11,212</u>	<u>1,751</u>
Cash and cash equivalents at the beginning of the reporting period		<u>30,567</u>	<u>28,816</u>
Cash and cash equivalents at the end of the reporting period		<u><u>41,779</u></u>	<u><u>30,567</u></u>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2022**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	34,456	72,372
Adjustments for:		
Depreciation charges	38,006	42,247
Loss on disposal of fixed assets	1,667	4,735
Interest received	(31)	(4)
Interest paid	648	165
Increase in debtors	(31,786)	(7,663)
Increase/(decrease) in creditors	12,484	(70,614)
Net cash provided by operations	55,444	41,238

2. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1.9.21	Cash flow	At 31.8.22
	£	£	£
Net cash			
Cash at bank and in hand	30,567	11,212	41,779
	30,567	11,212	41,779
Debt			
Debts falling due within 1 year	(9,422)	(387)	(9,809)
Debts falling due after 1 year	(38,078)	10,387	(27,691)
	(47,500)	10,000	(37,500)
Total	(16,933)	21,212	4,279

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Income

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

Expenditure

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

Tangible fixed assets

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

Leasehold premises (1st Avenue - building)	Over the remaining period of the 68 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% - 33.33% reducing balance

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

Government grants

The following government grants have been received during the year:

Business Interruption Payment (BIP) under the Bounce Back Loan scheme: The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022**

1. ACCOUNTING POLICIES - continued

Government grants

Leased assets

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

Grants

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

2. DONATIONS AND LEGACIES

	2022	2021
	£	£
Donations	611	74
	<u>611</u>	<u>74</u>

3. INVESTMENT INCOME

	2022	2021
	£	£
Deposit account interest	31	4
	<u>31</u>	<u>4</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2022	2021
	Courses and training £	Total activities £
Employer contributions	34,326	29,955
Training	149,465	123,023
Welding courses	101,055	121,790
ESFA funding	1,181,842	1,183,311
Government grants	-	114,707
Miscellaneous income	2,079	518
Canteen sales and sundry	248	331
Commercial courses	826,584	579,679
AM2 testing	227,699	199,925
Travel recovered	7,437	3,897
	<u>2,530,735</u>	<u>2,357,136</u>

Grants received, included in the above, are as follows:

	2022	2021
	£	£
Other government grants	-	3,319
Coronavirus Job Retention Scheme Grant	-	111,388
	<u>-</u>	<u>114,707</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022

5. RAISING FUNDS

Other trading activities

	2022	2021
	£	£
Interest payable and similar charges	648	165

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	441,797	-	441,797
Staff costs	1,646,842	4,310	1,651,152
Establishment	163,426	-	163,426
Plant material and equipment	74,642	-	74,642
General expenses	155,152	10,104	165,256
	<u>2,481,859</u>	<u>14,414</u>	<u>2,496,273</u>

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Staff costs	4,310	-	4,310
General expenses	-	10,104	10,104
	<u>4,310</u>	<u>10,104</u>	<u>14,414</u>

8. NET INCOME/(EXPENDITURE)

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

	2022	2021
	£	£
Auditors' remuneration	6,200	5,900
Auditors' remuneration for non audit work	3,904	5,468
Depreciation - owned assets	38,006	42,247
Other operating leases	99,022	113,022
Deficit on disposal of fixed assets	1,667	4,735

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022**

9. TRUSTEES' REMUNERATION AND BENEFITS

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

Trustees' expenses

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

10. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	1,348,488	1,181,392
Social security costs	143,122	120,395
Other pension costs	136,717	128,429
	<u>1,628,327</u>	<u>1,430,216</u>

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

	2022	2021
Employees	<u>43</u>	<u>39</u>

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

	2022	2021
£60,001 - £70,000	2	-
£70,001 - £80,000	1	-
	<u>3</u>	<u>-</u>

Contributions were made into the Pension Schemes for the higher paid employees of £18,173 (2021: £13,036).

The total key management remuneration including pension and benefits as noted above is £154,207 (2021: £138,662).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022**

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	74
Charitable activities	
Courses and training	2,357,136
Investment income	4
Total	<u>2,357,214</u>
EXPENDITURE ON	
Raising funds	165
Charitable activities	
Courses and training	460,735
Staff costs	1,454,179
Establishment	152,678
Plant material and equipment	85,687
General expenses	131,398
Total	<u>2,284,842</u>
NET INCOME	72,372
RECONCILIATION OF FUNDS	
Total funds brought forward	230,438
TOTAL FUNDS CARRIED FORWARD	<u><u>302,810</u></u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022**

12. TANGIBLE FIXED ASSETS

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
COST				
At 1 September 2021	74,370	335,000	838,253	1,247,623
Additions	-	-	33,615	33,615
Disposals	-	-	(13,000)	(13,000)
At 31 August 2022	74,370	335,000	858,868	1,268,238
DEPRECIATION				
At 1 September 2021	74,161	44,580	758,450	877,191
Charge for year	209	8,917	28,880	38,006
Eliminated on disposal	-	-	(11,333)	(11,333)
At 31 August 2022	74,370	53,497	775,997	903,864
NET BOOK VALUE				
At 31 August 2022	-	281,503	82,871	364,374
At 31 August 2021	209	290,420	79,803	370,432

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes.

If the buildings had been included at valuation, they would have been included under the historical cost convention as follows:

	2022 £	2021 £
Cost	383,307	383,307
Accumulated depreciation	(191,383)	(184,985)
	<u>191,924</u>	<u>198,322</u>

There were no capital commitments outstanding at 31 August 2022 (2021: £nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	105,743	104,564
Prepayments	125,016	94,409
	<u>230,759</u>	<u>198,973</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 16)	9,809	9,422
Trade creditors	40,582	67,070
Social security and other taxes	36,079	30,089
VAT	29,117	29,681
Other creditors	2,431	4,002
Accruals and deferred income	101,253	93,530
Income in advance	52,684	25,290
	<u>271,955</u>	<u>259,084</u>

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

The amount of this income is as follows:

	2022	2021
	£	£
Deferred at 31 August 2021	25,290	44,077
Release during the year	(25,290)	(44,077)
Deferred during the year	52,684	25,290
Deferred at 31 August 2022	<u>52,684</u>	<u>25,290</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Bank loans (see note 16)	<u>27,691</u>	<u>38,078</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>9,809</u>	<u>9,422</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>10,056</u>	<u>9,808</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>17,635</u>	<u>28,270</u>

17. LEASING AGREEMENTS

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

	2022	2021
	£	£
Within one year	60,849	72,201
Between one and five years	178,066	198,915
In more than five years	<u>1,063,600</u>	<u>1,103,600</u>
	<u>1,302,515</u>	<u>1,374,716</u>

18. MOVEMENT IN FUNDS

	At 1.9.21	Net movement in funds	Transfers between funds	At 31.8.22
	£	£	£	£
Unrestricted funds				
General fund	209,576	34,456	2,860	246,892
Fair value reserve	<u>93,234</u>	<u>-</u>	<u>(2,860)</u>	<u>90,374</u>
	<u>302,810</u>	<u>34,456</u>	<u>-</u>	<u>337,266</u>
TOTAL FUNDS	<u>302,810</u>	<u>34,456</u>	<u>-</u>	<u>337,266</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,531,377	(2,496,921)	34,456
TOTAL FUNDS	<u>2,531,377</u>	<u>(2,496,921)</u>	<u>34,456</u>

Comparatives for movement in funds

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Unrestricted funds				
General fund	134,344	72,372	2,860	209,576
Fair value reserve	96,094	-	(2,860)	93,234
	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>
TOTAL FUNDS	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,357,214	(2,284,842)	72,372
TOTAL FUNDS	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2022**

18. MOVEMENT IN FUNDS - continued

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

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.22 £
Unrestricted funds				
General fund	134,344	106,828	5,720	246,892
Fair value reserve	96,094	-	(5,720)	90,374
	<u>230,438</u>	<u>106,828</u>	<u>-</u>	<u>337,266</u>
TOTAL FUNDS	<u>230,438</u>	<u>106,828</u>	<u>-</u>	<u>337,266</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	4,888,591	(4,781,763)	106,828
	<u>4,888,591</u>	<u>(4,781,763)</u>	<u>106,828</u>
TOTAL FUNDS	<u>4,888,591</u>	<u>(4,781,763)</u>	<u>106,828</u>

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2022 nor for the year ended 31 August 2021.

20. COMPANY STATUS

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £10 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2022 was 4 (2021: 5).

21. TAXATION

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.

SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LTD

England & Wales - Charity number 307299

Accounts

REGISTERED COMPANY NUMBER: 00971293 (England and Wales)
REGISTERED CHARITY NUMBER: 307299

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021
FOR
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering and construction services sectors and strives to offer a comprehensive technical training service. New courses are introduced and existing courses are revised in response to employer requests.

We are committed to delivering apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 5. Advice and guidance is offered to students applying for positions and throughout their training programmes.

Maintaining the safeguarding and wellbeing of all learners and staff is particularly important and is under constant review.

We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equality and diversity is respected and equal opportunity is promoted.

Public benefit

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the year 2021: 225 (2020: 202) apprenticeships were provided and, of these, 127 (2020: 107) were aged between 16 and 18 years of age, 67 (2020: 67) were between 19 and 23 years of age and 31 (2020:28) were aged over 24 years. Overall 33 (2020: 53) candidates successfully completed their apprenticeships with 66% (2020: 55%) achieving within the planned timescale. These rates are higher than average national achievement levels for the engineering sectors.

STRATEGIC REPORT

Achievement and performance

Fundraising activities

The charity does not participate in any direct or funded fundraising. However, donations are made by employers and suppliers; these are mostly plant and equipment.

Financial review

Principal funding sources

The principal source of funding arises from apprenticeships funded by the Education and Skills Funding Agency (ESFA) representing 50% (2020: 52%) of income. The majority of the other income is made from commercial income from employers.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRATEGIC REPORT

Financial review

Reserves policy

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £209,576 (2020: £134,344) which represents 9% (2020: 6%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 50% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

Performance

The results for the year and the financial position of the association are shown in the annexed accounts. These show a surplus for the financial year which the Trustees recommend be added to reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 84 year lease which expires 28/03/2054 leaving an unexpired term of 33 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £93,234 (2020: £96,094) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £185,407 (9%) compared with the previous year. This is due to increased commercial sales. Also, overall funding has increased from the ESFA for the apprenticeships.

Safeguarding has continued to be an area of review. The pandemic has caused a significant increase in mental health issues with 1:4 apprentices and a similar ratio of staff affected. A dedicated Pastoral Services Team has been created.

Fixed assets

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRATEGIC REPORT

Principal risks and uncertainties

The pandemic remains one of the main risks to the training centre.

A major Government reform of apprenticeships and funding in 2017 has had a continuing impact on income received from the apprenticeship scheme. Although overall funding levels have not been reduced by the introduction of an apprenticeship levy, cash flow continues to be affected. Previously, employers were directly charged for 'off the job training' delivered in the first year of the programme, providing a substantial cash flow benefit. Our plan stated it would take three years to re-establish income levels but the pandemic has impacted this plan due to a reduction in apprenticeship starts in September 2020 and apprentices leaving the programme. There is another reform of the apprenticeship standards underway so this will cause further uncertainties for employers and training providers alike. A reduced value overdraft facility has been retained with the bank as a contingency.

Demand for hazardous area training, represents 20 % of commercial sales. Additional staff to service these courses is vital to keep continuity of supply.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

Principal financial risks are:

- 1) Remaining on the Register of Training Providers (RoATP), is vital for ESFA income and the ability to grow the apprenticeship scheme. Similarly vital is remaining an OFSTED Grade 2 or above.
- 2) Current arrangements with the ESFA are dependent on achieving a consistent satisfactory financial health assessment and this will require achieving break-even financial performance as a minimum in the 2020/21 financial year.
- 3) Commercial courses represent 45% of the total income and are vital to supporting the apprenticeship programmes. Engineering apprenticeships are typically four years in duration and income is released on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until completion.
- 4) Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). The pandemic has caused delays to these assessments, with many being switched to a virtual assessment. Delays in completions of apprenticeships causes a negative impact on financial performance and OFSTED assessment rating.
- 5) Commercial courses are fully booked, risk to delivery is high if instructors are unavailable which poses a potential risk to income.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRATEGIC REPORT

Future plans

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeship training services. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment were fundamental to help employers understand the reforms and extract maximum value from their Levy investment. SETA has established a package which provides a competitive edge and will help secure apprenticeship contracts with employers far and wide.

We must ensure revenue generated through apprenticeship training is sustainable whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships in 2020 were provided at Level 3. In our sector, there is further indication of 'provision shift' away from level 2 (intermediate) towards level 3 and the new level 4 (advanced) apprenticeships. SETA were one of four providers nationally accredited to deliver level 4 apprenticeships in our sector. Forging links with Universities and Professional Engineering Institutions will be crucial to transitioning apprenticeships in our sector.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical and hazardous area training courses. The income earned from these services represents 50% of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio of services to enable this provision to grow to meet any future apprenticeship reforms.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document is currently under review, and being updated in line with changes to the charity operating procedures.

Recruitment and appointment to the Council of Trustees

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Sub-contractors are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the key management.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 5% for staff recruited after this date. Staff will contribute a minimum of 3% to reach the 8% Government requirement.

Induction and training of new trustees

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
00971293 (England and Wales)

Registered Charity number
307299

Registered office
First Avenue
Millbrook
Southampton
Hampshire
SO15 0LJ

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees

Ms J E Freemantle
G E Mason
T J Millard
G Ranger
C J Savage
A J Thornton

Resigned 30 June 2021

Company directors

M D Driscoll
Mrs J D Gough

Resigned 09 August 2021

Resigned 09 August 2021

Company Secretary

R W Heighington

Auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Key Management:

M D Driscoll
Mrs J D Gough

Operations director
CEO

Bankers

National Westminster Bank plc
12 High Street
Southampton
Hampshire
SO14 2NX

GOING CONCERN

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Southampton Engineering Training Association Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

24th January 2022



.....
R W Heighington - Secretary

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Opinion

We have audited the financial statements of Southampton Engineering Training Association Limited (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Our responsibilities for the audit of the financial statements

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

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

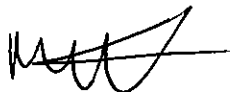
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michaela Johns FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Date: 25 January 2022

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021**

		2021 Unrestricted funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	2	74	127
Charitable activities	4		
Courses and training		2,357,136	2,240,143
Investment income	3	4	603
Total		2,357,214	2,240,873
 EXPENDITURE ON			
Raising funds	5	165	3,483
Charitable activities	6		
Courses and training		460,735	398,869
Staff costs		1,454,179	1,399,711
Establishment		152,678	172,358
Plant material and equipment		85,687	73,016
General expenses		131,398	127,282
Total		2,284,842	2,174,719
 NET INCOME		72,372	66,154
 RECONCILIATION OF FUNDS			
Total funds brought forward		230,438	164,284
 TOTAL FUNDS CARRIED FORWARD		302,810	230,438

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**BALANCE SHEET
31 AUGUST 2021**

	Notes	2021 Unrestricted funds £	2020 Total funds £
FIXED ASSETS			
Tangible assets	12	370,432	380,587
CURRENT ASSETS			
Debtors	13	198,973	191,311
Cash at bank and in hand		30,567	28,816
		<u>229,540</u>	<u>220,127</u>
CREDITORS			
Amounts falling due within one year	14	(259,084)	(320,443)
NET CURRENT ASSETS		<u>(29,544)</u>	<u>(100,316)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		340,888	280,271
CREDITORS			
Amounts falling due after more than one year	15	(38,078)	(49,833)
NET ASSETS		<u>302,810</u>	<u>230,438</u>
FUNDS	18		
Unrestricted funds		<u>302,810</u>	<u>230,438</u>
TOTAL FUNDS		<u>302,810</u>	<u>230,438</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 24 January 2022 and were signed on its behalf by:


T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	41,238	84,513
Interest paid		(165)	(3,483)
Net cash provided by operating activities		<u>41,073</u>	<u>81,030</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(36,826)	(20,296)
Interest received		4	3
Net cash used in investing activities		<u>(36,822)</u>	<u>(20,293)</u>
Cash flows from financing activities			
New loans in year		-	50,000
Loan repayments in year		(2,500)	-
Net cash (used in)/provided by financing activities		<u>(2,500)</u>	<u>50,000</u>
Change in cash and cash equivalents in the reporting period		<u>1,751</u>	<u>110,737</u>
Cash and cash equivalents at the beginning of the reporting period		<u>28,816</u>	<u>(81,921)</u>
Cash and cash equivalents at the end of the reporting period		<u><u>30,567</u></u>	<u><u>28,816</u></u>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income for the reporting period (as per the Statement of Financial Activities)	72,372	66,154
Adjustments for:		
Depreciation charges	42,247	34,730
Loss on disposal of fixed assets	4,735	162
Interest received	(4)	(3)
Interest paid	165	3,483
Increase in debtors	(7,663)	(41,495)
(Decrease)/increase in creditors	(70,614)	21,482
Net cash provided by operations	<u>41,238</u>	<u>84,513</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.20 £	Cash flow £	At 31.8.21 £
Net cash			
Cash at bank and in hand	<u>28,816</u>	<u>1,751</u>	<u>30,567</u>
	<u>28,816</u>	<u>1,751</u>	<u>30,567</u>
Debt			
Debts falling due within 1 year	(2,355)	(7,067)	(9,422)
Debts falling due after 1 year	<u>(47,645)</u>	<u>9,567</u>	<u>(38,078)</u>
	<u>(50,000)</u>	<u>2,500</u>	<u>(47,500)</u>
Total	<u>(21,184)</u>	<u>4,251</u>	<u>(16,933)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Going concern

The trustees have considered the impact and risk on the charity of COVID-19 and the charity's prospects, recognising the high degree of uncertainty. The directors have concluded that with the right management actions, the charity is a going concern for at least 12 months following the signature of the financial statements.

Income

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

Expenditure

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

Tangible fixed assets

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

Leasehold premises (1st Avenue - building)	Over the remaining period of the 68 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% reducing balance
Computer equipment	33 1/3% straight line
Portacabin	20% reducing balance
Motor vehicle	20% reducing balance

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

Government grants

The following government grants have been received during the year:

Business Interruption Payment (BIP) under the Bounce Back Loan scheme: The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

Coronavirus Job Retention Scheme: the accrual model has been used to recognise the grant on a systematic basis over the periods in which the related staff costs are incurred.

Business Support Grant Funds: the accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

Leased assets

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

Grants

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

2. DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations	74	127
	<u>74</u>	<u>127</u>

3. INVESTMENT INCOME

	2021	2020
	£	£
Investment income	-	600
Deposit account interest	4	3
	<u>4</u>	<u>603</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

4. INCOME FROM CHARITABLE ACTIVITIES

	2021	2020
	Courses and training	Total activities
	£	£
Employer contributions	29,955	21,146
Training	123,023	95,092
Welding courses	121,790	108,067
ESFA funding	1,183,311	1,166,522
Government grants	114,707	183,121
Miscellaneous income	518	3,011
Canteen sales and sundry	331	225
Commercial courses	579,679	434,260
AM2 testing	199,925	224,835
Travel recovered	3,897	3,864
	<u>2,357,136</u>	<u>2,240,143</u>

Grants received, included in the above, are as follows:

	2021	2020
	£	£
Other government grants	3,319	-
Coronavirus Job Retention Scheme Grant	111,388	170,116
Business Support Grants Fund	-	10,000
Bounce Back Loan Scheme interest	-	1,250
	<u>114,707</u>	<u>181,366</u>

5. RAISING FUNDS

Other trading activities

	2021	2020
	£	£
Interest payable and similar charges	<u>165</u>	<u>3,483</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	460,735	-	460,735
Staff costs	1,449,942	4,237	1,454,179
Establishment	152,678	-	152,678
Plant material and equipment	85,687	-	85,687
General expenses	120,030	11,368	131,398
	<u>2,269,072</u>	<u>15,605</u>	<u>2,284,677</u>

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Staff costs	4,237	-	4,237
General expenses	-	11,368	11,368
	<u>4,237</u>	<u>11,368</u>	<u>15,605</u>

8. NET INCOME/(EXPENDITURE)

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

	2021 £	2020 £
Auditors' remuneration	5,900	5,700
Auditors' remuneration for non audit work	5,468	2,100
Depreciation - owned assets	42,247	34,730
Other operating leases	113,022	127,622
Deficit on disposal of fixed assets	<u>4,735</u>	<u>162</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

10. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	1,181,392	1,171,074
Social security costs	120,395	115,235
Other pension costs	128,429	110,749
	<u>1,430,216</u>	<u>1,397,058</u>

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

	2021	2020
	39	41
Employees	<u>39</u>	<u>41</u>

No employees received emoluments in excess of £60,000.

The total key management remuneration including pension and benefits as noted above is £138,662 (2020: £137,258).

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	127
Charitable activities	
Courses and training	2,240,143
Investment income	603
Total	<u>2,240,873</u>
EXPENDITURE ON	
Raising funds	3,483
Charitable activities	
Courses and training	398,869
Staff costs	1,399,711

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £
Establishment	172,358
Plant material and equipment	73,016
General expenses	127,282
Total	2,174,719
NET INCOME	66,154
RECONCILIATION OF FUNDS	
Total funds brought forward	164,284
TOTAL FUNDS CARRIED FORWARD	230,438

12. TANGIBLE FIXED ASSETS

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
COST				
At 1 September 2020	74,370	335,000	950,430	1,359,800
Additions	-	-	36,826	36,826
Disposals	-	-	(149,003)	(149,003)
At 31 August 2021	74,370	335,000	838,253	1,247,623
DEPRECIATION				
At 1 September 2020	74,014	32,160	873,039	979,213
Charge for year	147	12,420	29,680	42,247
Eliminated on disposal	-	-	(144,269)	(144,269)
At 31 August 2021	74,161	44,580	758,450	877,191
NET BOOK VALUE				
At 31 August 2021	209	290,420	79,803	370,432
At 31 August 2020	356	302,840	77,391	380,587

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes Ellard Limited, an independent firm of property consultants on an open market value basis.

If the buildings had been included at valuation, they would have been included under the historical cost convention as follows:

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

12. TANGIBLE FIXED ASSETS - continued

	2021	2020
	£	£
Cost	383,307	383,307
Accumulated depreciation	(184,985)	(178,587)
	<u>198,322</u>	<u>204,720</u>

There were no capital commitments outstanding at 31 August 2021 (2020: £nil).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	104,564	58,632
Prepayments	94,409	132,679
	<u>198,973</u>	<u>191,311</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans and overdrafts (see note 16)	9,422	2,355
Trade creditors	67,070	31,266
Social security and other taxes	30,089	78,584
VAT	29,681	44,337
Other creditors	4,002	5,336
Accruals and deferred income	93,530	113,357
Deferred government grants	-	1,131
Income in advance	25,290	44,077
	<u>259,084</u>	<u>320,443</u>

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

The amount of this income is as follows:

	2021	2020
	£	£
Deferred at 31 August 2020	44,077	63,453
Release during the year	(44,877)	(63,453)
Deferred during the year	<u>25,290</u>	<u>44,077</u>
Deferred at 31 August 2021	<u>25,290</u>	<u>44,077</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans (see note 16)	38,078	47,645
Deferred government grants	-	2,188
	<u>38,078</u>	<u>49,833</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>9,422</u>	<u>2,355</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>9,808</u>	<u>9,566</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>28,270</u>	<u>30,175</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	-	7,904

17. LEASING AGREEMENTS

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

	2021	2020
	£	£
Within one year	72,201	77,985
Between one and five years	198,915	231,117
In more than five years	1,103,600	1,143,600
	<u>1,374,716</u>	<u>1,452,702</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

18. MOVEMENT IN FUNDS

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Unrestricted funds				
General fund	134,344	72,372	2,860	209,576
Fair value reserve	96,094	-	(2,860)	93,234
	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>
TOTAL FUNDS	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,357,214	(2,284,842)	72,372
	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>
TOTAL FUNDS	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>

Comparatives for movement in funds

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
Unrestricted funds				
General fund	65,493	66,154	2,697	134,344
Fair value reserve	98,791	-	(2,697)	96,094
	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>
TOTAL FUNDS	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,240,873	(2,174,719)	66,154
TOTAL FUNDS	<u>2,240,873</u>	<u>(2,174,719)</u>	<u>66,154</u>

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

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Unrestricted funds				
General fund	65,493	138,526	5,557	209,576
Fair value reserve	98,791	-	(5,557)	93,234
	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>
TOTAL FUNDS	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	4,598,087	(4,459,561)	138,526
TOTAL FUNDS	<u>4,598,087</u>	<u>(4,459,561)</u>	<u>138,526</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2021 nor for the year ended 31 August 2020.

20. COMPANY STATUS

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £20 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2021 was 5 (2020: 6).

21. TAXATION

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.

REGISTERED COMPANY NUMBER: 00971293 (England and Wales)
REGISTERED CHARITY NUMBER: 307299

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021
FOR
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering and construction services sectors and strives to offer a comprehensive technical training service. New courses are introduced and existing courses are revised in response to employer requests.

We are committed to delivering apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 5. Advice and guidance is offered to students applying for positions and throughout their training programmes.

Maintaining the safeguarding and wellbeing of all learners and staff is particularly important and is under constant review.

We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equality and diversity is respected and equal opportunity is promoted.

Public benefit

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the year 2021: 225 (2020: 202) apprenticeships were provided and, of these, 127 (2020: 107) were aged between 16 and 18 years of age, 67 (2020: 67) were between 19 and 23 years of age and 31 (2020:28) were aged over 24 years. Overall 33 (2020: 53) candidates successfully completed their apprenticeships with 66% (2020: 55%) achieving within the planned timescale. These rates are higher than average national achievement levels for the engineering sectors.

STRATEGIC REPORT

Achievement and performance

Fundraising activities

The charity does not participate in any direct or funded fundraising. However, donations are made by employers and suppliers; these are mostly plant and equipment.

Financial review

Principal funding sources

The principal source of funding arises from apprenticeships funded by the Education and Skills Funding Agency (ESFA) representing 50% (2020: 52%) of income. The majority of the other income is made from commercial income from employers.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRATEGIC REPORT

Financial review

Reserves policy

The current level of unrestricted reserves (excluding the fair value reserve) is valued at £209,576 (2020: £134,344) which represents 9% (2020: 6%) of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 50% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives.

The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

Performance

The results for the year and the financial position of the association are shown in the annexed accounts. These show a surplus for the financial year which the Trustees recommend be added to reserve.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 84 year lease which expires 28/03/2054 leaving an unexpired term of 33 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £93,234 (2020: £96,094) can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £185,407 (9%) compared with the previous year. This is due to increased commercial sales. Also, overall funding has increased from the ESFA for the apprenticeships.

Safeguarding has continued to be an area of review. The pandemic has caused a significant increase in mental health issues with 1:4 apprentices and a similar ratio of staff affected. A dedicated Pastoral Services Team has been created.

Fixed assets

The principal fixed asset is the long lease for the premises at 1st Avenue and the market value was re-assessed in 2016.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRATEGIC REPORT

Principal risks and uncertainties

The pandemic remains one of the main risks to the training centre.

A major Government reform of apprenticeships and funding in 2017 has had a continuing impact on income received from the apprenticeship scheme. Although overall funding levels have not been reduced by the introduction of an apprenticeship levy, cash flow continues to be affected. Previously, employers were directly charged for 'off the job training' delivered in the first year of the programme, providing a substantial cash flow benefit. Our plan stated it would take three years to re-establish income levels but the pandemic has impacted this plan due to a reduction in apprenticeship starts in September 2020 and apprentices leaving the programme. There is another reform of the apprenticeship standards underway so this will cause further uncertainties for employers and training providers alike. A reduced value overdraft facility has been retained with the bank as a contingency.

Demand for hazardous area training, represents 20 % of commercial sales. Additional staff to service these courses is vital to keep continuity of supply.

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

Principal financial risks are:

- 1) Remaining on the Register of Training Providers (RoATP), is vital for ESFA income and the ability to grow the apprenticeship scheme. Similarly vital is remaining an OFSTED Grade 2 or above.
- 2) Current arrangements with the ESFA are dependent on achieving a consistent satisfactory financial health assessment and this will require achieving break-even financial performance as a minimum in the 2020/21 financial year.
- 3) Commercial courses represent 45% of the total income and are vital to supporting the apprenticeship programmes. Engineering apprenticeships are typically four years in duration and income is released on a monthly basis by the Education and Skills Funding Agency (ESFA) with 20% being retained until completion.
- 4) Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent End Point Assessment Organisation (EPAO). The pandemic has caused delays to these assessments, with many being switched to a virtual assessment. Delays in completions of apprenticeships causes a negative impact on financial performance and OFSTED assessment rating.
- 5) Commercial courses are fully booked, risk to delivery is high if instructors are unavailable which poses a potential risk to income.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRATEGIC REPORT

Future plans

SETA has a well-established reputation for delivering high quality, value for money engineering apprenticeship training services. The creation of apprenticeship service teams encompassing recruitment, technical, funding, pastoral and end assessment were fundamental to help employers understand the reforms and extract maximum value from their Levy investment. SETA has established a package which provides a competitive edge and will help secure apprenticeship contracts with employers far and wide.

We must ensure revenue generated through apprenticeship training is sustainable whilst ensuring employers see a return on their levy investment. Nearly all new apprenticeships in 2020 were provided at Level 3. In our sector, there is further indication of 'provision shift' away from level 2 (intermediate) towards level 3 and the new level 4 (advanced) apprenticeships. SETA were one of four providers nationally accredited to deliver level 4 apprenticeships in our sector. Forging links with Universities and Professional Engineering Institutions will be crucial to transitioning apprenticeships in our sector.

SETA has a commercial facility which provides end point assessment services for electro-technical qualifications and a wide range of electrical, mechanical and hazardous area training courses. The income earned from these services represents 50% of our income and is crucial to funding the apprenticeship training services we provide. We must continue to add to our portfolio of services to enable this provision to grow to meet any future apprenticeship reforms.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

The governing document is the Memorandum and Articles of Association, dated 28th January 1970. This document is currently under review, and being updated in line with changes to the charity operating procedures.

Recruitment and appointment to the Council of Trustees

Invitations are extended to the user members of the charity to nominate one person as a member and Director of the charity. The charity, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the charity.

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Day to day management of the charity is under control of the CEO, Julie Gough, who acts in accordance with the instructions of the Council of Trustees / Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the key management team. Sub-contractors are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management.

Remuneration for key management personnel is governed by limits set by the Trustees. Performance is assessed by the key management.

The charity operates a defined contribution pension scheme open to all staff. The charity contributes 10% of gross salary to the scheme for each staff member employed prior to August 2021, and a minimum of 5% for staff recruited after this date. Staff will contribute a minimum of 3% to reach the 8% Government requirement.

Induction and training of new trustees

Potential trustees are invited to apply to become involved with the charity and learn more about the contribution they can make. A formal application must be made to the Directors for their approval. A formal explanation of responsibilities is provided before an appointment is confirmed.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
00971293 (England and Wales)

Registered Charity number
307299

Registered office
First Avenue
Millbrook
Southampton
Hampshire
SO15 0LJ

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

Trustees

Ms J E Freemantle
G E Mason
T J Millard
G Ranger
C J Savage
A J Thornton

Resigned 30 June 2021

Company directors

M D Driscoll
Mrs J D Gough

Resigned 09 August 2021

Resigned 09 August 2021

Company Secretary

R W Heighington

Auditors

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Key Management:

M D Driscoll
Mrs J D Gough

Operations director
CEO

Bankers

National Westminster Bank plc
12 High Street
Southampton
Hampshire
SO14 2NX

GOING CONCERN

The association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The trustees have a reasonable expectation that the charity has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Southampton Engineering Training Association Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Hopper Williams & Bell Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

24th January 2022



.....
R W Heighington - Secretary

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Opinion

We have audited the financial statements of Southampton Engineering Training Association Limited (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Our responsibilities for the audit of the financial statements

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

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

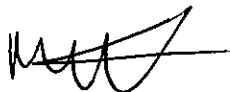
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and the industry in which it operates. These include but are not limited to compliance with the Companies Act 2006, UK Generally Accepted Accounting Principles and the relevant tax compliance regulations for the company.
- We obtained an understanding of how the company is complying with these frameworks through discussions with management.
- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the company operates in, and their practical experience through training and participation with audit engagements of a similar nature.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michaela Johns FCCA (Senior Statutory Auditor)
for and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandler's Ford
Eastleigh
Hampshire
SO53 4AR

Date: 25 January 2022

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021**

		2021 Unrestricted funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	2	74	127
Charitable activities	4		
Courses and training		2,357,136	2,240,143
Investment income	3	4	603
Total		2,357,214	2,240,873
 EXPENDITURE ON			
Raising funds	5	165	3,483
Charitable activities	6		
Courses and training		460,735	398,869
Staff costs		1,454,179	1,399,711
Establishment		152,678	172,358
Plant material and equipment		85,687	73,016
General expenses		131,398	127,282
Total		2,284,842	2,174,719
 NET INCOME		72,372	66,154
 RECONCILIATION OF FUNDS			
Total funds brought forward		230,438	164,284
 TOTAL FUNDS CARRIED FORWARD		302,810	230,438

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**BALANCE SHEET
31 AUGUST 2021**

	Notes	2021 Unrestricted funds £	2020 Total funds £
FIXED ASSETS			
Tangible assets	12	370,432	380,587
CURRENT ASSETS			
Debtors	13	198,973	191,311
Cash at bank and in hand		30,567	28,816
		<u>229,540</u>	<u>220,127</u>
CREDITORS			
Amounts falling due within one year	14	(259,084)	(320,443)
NET CURRENT ASSETS		<u>(29,544)</u>	<u>(100,316)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		340,888	280,271
CREDITORS			
Amounts falling due after more than one year	15	(38,078)	(49,833)
NET ASSETS		<u>302,810</u>	<u>230,438</u>
FUNDS	18		
Unrestricted funds		<u>302,810</u>	<u>230,438</u>
TOTAL FUNDS		<u>302,810</u>	<u>230,438</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 24 January 2022 and were signed on its behalf by:


T J Millard - Trustee

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	41,238	84,513
Interest paid		(165)	(3,483)
Net cash provided by operating activities		<u>41,073</u>	<u>81,030</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(36,826)	(20,296)
Interest received		4	3
Net cash used in investing activities		<u>(36,822)</u>	<u>(20,293)</u>
Cash flows from financing activities			
New loans in year		-	50,000
Loan repayments in year		(2,500)	-
Net cash (used in)/provided by financing activities		<u>(2,500)</u>	<u>50,000</u>
Change in cash and cash equivalents in the reporting period		<u>1,751</u>	<u>110,737</u>
Cash and cash equivalents at the beginning of the reporting period		<u>28,816</u>	<u>(81,921)</u>
Cash and cash equivalents at the end of the reporting period		<u><u>30,567</u></u>	<u><u>28,816</u></u>

The notes form part of these financial statements

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income for the reporting period (as per the Statement of Financial Activities)	72,372	66,154
Adjustments for:		
Depreciation charges	42,247	34,730
Loss on disposal of fixed assets	4,735	162
Interest received	(4)	(3)
Interest paid	165	3,483
Increase in debtors	(7,663)	(41,495)
(Decrease)/increase in creditors	(70,614)	21,482
Net cash provided by operations	<u>41,238</u>	<u>84,513</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.20 £	Cash flow £	At 31.8.21 £
Net cash			
Cash at bank and in hand	<u>28,816</u>	<u>1,751</u>	<u>30,567</u>
	<u>28,816</u>	<u>1,751</u>	<u>30,567</u>
Debt			
Debts falling due within 1 year	(2,355)	(7,067)	(9,422)
Debts falling due after 1 year	<u>(47,645)</u>	<u>9,567</u>	<u>(38,078)</u>
	<u>(50,000)</u>	<u>2,500</u>	<u>(47,500)</u>
Total	<u>(21,184)</u>	<u>4,251</u>	<u>(16,933)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Going concern

The trustees have considered the impact and risk on the charity of COVID-19 and the charity's prospects, recognising the high degree of uncertainty. The directors have concluded that with the right management actions, the charity is a going concern for at least 12 months following the signature of the financial statements.

Income

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

Expenditure

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

Tangible fixed assets

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

Leasehold premises (1st Avenue - building)	Over the remaining period of the 68 year lease
Short leasehold premises (2nd Avenue - land)	Over 10 years straight line
Plant and equipment	20% reducing balance
Computer equipment	33 1/3% straight line
Portacabin	20% reducing balance
Motor vehicle	20% reducing balance

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

Government grants

The following government grants have been received during the year:

Business Interruption Payment (BIP) under the Bounce Back Loan scheme: The BIP is payable in respect of the loan interest for the first 12 months, together with any related fees. The accrual model has been used to recognise the income on a systematic basis over the periods in which the related finance costs are incurred. The company has also benefited from the UK government's provision of security for 100% of the loan.

Coronavirus Job Retention Scheme: the accrual model has been used to recognise the grant on a systematic basis over the periods in which the related staff costs are incurred.

Business Support Grant Funds: the accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

Leased assets

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

Grants

Grants receivable in respect of fixed assets are treated as deferred income which are credited to the income and expenditure account over the estimated economic lives of the related assets.

2. DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations	74	127
	<u>74</u>	<u>127</u>

3. INVESTMENT INCOME

	2021	2020
	£	£
Investment income	-	600
Deposit account interest	4	3
	<u>4</u>	<u>603</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

4. INCOME FROM CHARITABLE ACTIVITIES

	2021	2020
	Courses and training	Total activities
	£	£
Employer contributions	29,955	21,146
Training	123,023	95,092
Welding courses	121,790	108,067
ESFA funding	1,183,311	1,166,522
Government grants	114,707	183,121
Miscellaneous income	518	3,011
Canteen sales and sundry	331	225
Commercial courses	579,679	434,260
AM2 testing	199,925	224,835
Travel recovered	3,897	3,864
	<u>2,357,136</u>	<u>2,240,143</u>

Grants received, included in the above, are as follows:

	2021	2020
	£	£
Other government grants	3,319	-
Coronavirus Job Retention Scheme Grant	111,388	170,116
Business Support Grants Fund	-	10,000
Bounce Back Loan Scheme interest	-	1,250
	<u>114,707</u>	<u>181,366</u>

5. RAISING FUNDS

Other trading activities

	2021	2020
	£	£
Interest payable and similar charges	<u>165</u>	<u>3,483</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 7) £	Totals £
Courses and training	460,735	-	460,735
Staff costs	1,449,942	4,237	1,454,179
Establishment	152,678	-	152,678
Plant material and equipment	85,687	-	85,687
General expenses	120,030	11,368	131,398
	<u>2,269,072</u>	<u>15,605</u>	<u>2,284,677</u>

7. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Staff costs	4,237	-	4,237
General expenses	-	11,368	11,368
	<u>4,237</u>	<u>11,368</u>	<u>15,605</u>

8. NET INCOME/(EXPENDITURE)

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

	2021 £	2020 £
Auditors' remuneration	5,900	5,700
Auditors' remuneration for non audit work	5,468	2,100
Depreciation - owned assets	42,247	34,730
Other operating leases	113,022	127,622
Deficit on disposal of fixed assets	<u>4,735</u>	<u>162</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

10. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	1,181,392	1,171,074
Social security costs	120,395	115,235
Other pension costs	128,429	110,749
	<u>1,430,216</u>	<u>1,397,058</u>

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

	2021	2020
	39	41
Employees	<u>39</u>	<u>41</u>

No employees received emoluments in excess of £60,000.

The total key management remuneration including pension and benefits as noted above is £138,662 (2020: £137,258).

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	127
Charitable activities	
Courses and training	2,240,143
Investment income	603
Total	<u>2,240,873</u>
EXPENDITURE ON	
Raising funds	3,483
Charitable activities	
Courses and training	398,869
Staff costs	1,399,711

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £
Establishment	172,358
Plant material and equipment	73,016
General expenses	127,282
Total	2,174,719
NET INCOME	66,154
RECONCILIATION OF FUNDS	
Total funds brought forward	164,284
TOTAL FUNDS CARRIED FORWARD	230,438

12. TANGIBLE FIXED ASSETS

	Short leasehold £	Long leasehold £	Plant and machinery £	Totals £
COST				
At 1 September 2020	74,370	335,000	950,430	1,359,800
Additions	-	-	36,826	36,826
Disposals	-	-	(149,003)	(149,003)
At 31 August 2021	74,370	335,000	838,253	1,247,623
DEPRECIATION				
At 1 September 2020	74,014	32,160	873,039	979,213
Charge for year	147	12,420	29,680	42,247
Eliminated on disposal	-	-	(144,269)	(144,269)
At 31 August 2021	74,161	44,580	758,450	877,191
NET BOOK VALUE				
At 31 August 2021	209	290,420	79,803	370,432
At 31 August 2020	356	302,840	77,391	380,587

The long term leasehold premises were re-valued to £335,000 on 9 November 2016 by Hughes Ellard Limited, an independent firm of property consultants on an open market value basis.

If the buildings had been included at valuation, they would have been included under the historical cost convention as follows:

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

12. TANGIBLE FIXED ASSETS - continued

	2021	2020
	£	£
Cost	383,307	383,307
Accumulated depreciation	(184,985)	(178,587)
	<u>198,322</u>	<u>204,720</u>

There were no capital commitments outstanding at 31 August 2021 (2020: £nil).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	104,564	58,632
Prepayments	94,409	132,679
	<u>198,973</u>	<u>191,311</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans and overdrafts (see note 16)	9,422	2,355
Trade creditors	67,070	31,266
Social security and other taxes	30,089	78,584
VAT	29,681	44,337
Other creditors	4,002	5,336
Accruals and deferred income	93,530	113,357
Deferred government grants	-	1,131
Income in advance	25,290	44,077
	<u>259,084</u>	<u>320,443</u>

The bank overdraft is secured on all the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced, but not performed by the year end. Deferred income is included in other creditors above.

The amount of this income is as follows:

	2021	2020
	£	£
Deferred at 31 August 2020	44,077	63,453
Release during the year	(44,877)	(63,453)
Deferred during the year	<u>25,290</u>	<u>44,077</u>
Deferred at 31 August 2021	<u>25,290</u>	<u>44,077</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans (see note 16)	38,078	47,645
Deferred government grants	-	2,188
	<u>38,078</u>	<u>49,833</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>9,422</u>	<u>2,355</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>9,808</u>	<u>9,566</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>28,270</u>	<u>30,175</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	-	7,904

17. LEASING AGREEMENTS

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

	2021	2020
	£	£
Within one year	72,201	77,985
Between one and five years	198,915	231,117
In more than five years	1,103,600	1,143,600
	<u>1,374,716</u>	<u>1,452,702</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

18. MOVEMENT IN FUNDS

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Unrestricted funds				
General fund	134,344	72,372	2,860	209,576
Fair value reserve	96,094	-	(2,860)	93,234
	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>
TOTAL FUNDS	<u>230,438</u>	<u>72,372</u>	<u>-</u>	<u>302,810</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,357,214	(2,284,842)	72,372
	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>
TOTAL FUNDS	<u>2,357,214</u>	<u>(2,284,842)</u>	<u>72,372</u>

Comparatives for movement in funds

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
Unrestricted funds				
General fund	65,493	66,154	2,697	134,344
Fair value reserve	98,791	-	(2,697)	96,094
	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>
TOTAL FUNDS	<u>164,284</u>	<u>66,154</u>	<u>-</u>	<u>230,438</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,240,873	(2,174,719)	66,154
TOTAL FUNDS	<u>2,240,873</u>	<u>(2,174,719)</u>	<u>66,154</u>

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

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Unrestricted funds				
General fund	65,493	138,526	5,557	209,576
Fair value reserve	98,791	-	(5,557)	93,234
	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>
TOTAL FUNDS	<u>164,284</u>	<u>138,526</u>	<u>-</u>	<u>302,810</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	4,598,087	(4,459,561)	138,526
TOTAL FUNDS	<u>4,598,087</u>	<u>(4,459,561)</u>	<u>138,526</u>

**SOUTHAMPTON ENGINEERING TRAINING
ASSOCIATION LIMITED
TRADING AS SETA**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021**

19. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2021 nor for the year ended 31 August 2020.

20. COMPANY STATUS

The Association is limited by guarantee of the members, each of whom is due to contribute a maximum of £20 whilst a member or, within one year of ceasing to be member. The number of members, who are the trustees, in 2021 was 5 (2020: 6).

21. TAXATION

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.



Southampton Engineering Training Association Limited

Audit Findings Report
For the year ended 31 August 2021

Experience the difference

Contents

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<u>Section 5: Assignment Director Contact Details</u>	6

Audit findings for Southampton Engineering Training Association Limited for the year ended 31 August 2021

The Trustees
Southampton Engineering Training Association Limited
First Avenue
Millbrook
Southampton
Hampshire
SO15 0LJ

Audit findings for Southampton Engineering Training Association Limited for the year ended 31 August 2021

Dear Trustees

In accordance with our normal practice we are writing to draw your attention to various matters which arose during the course of our audit of the accounts for the year ended 31 August 2021.

Audit opinion

There are no expected modifications to the auditors' report on the financial statements.

Adjusted and unadjusted misstatements

The adjusted misstatements determined during the course of our audit, are summarised in section 2 of our audit findings report. A schedule of unadjusted misstatements over our audit triviality threshold of £2,000 is included in Section 3.

Letter of representation

A draft of our letter of representation, detailing the representations which we have relied upon for our audit, will be sent separately for your consideration.

Internal Controls

The control environment at the charity was good and the key financial controls that we would have expected to see were in place.

Improvements in the accounting and internal control systems

As you are aware from our letter of engagement, our audit procedures were directed towards testing the accounting systems in operation upon which we have based our assessment of the accounts.

Section 1 of this report contains details of matters identified during the course of our audit and our recommendations for improvements. This may not contain all areas for improvement that are present in your system.

In making our recommendations, we have considered the size of the charity and the number of staff you employ. Responses from the Finance Manager and the Managing Director are included in the final column.

Other relevant matters relating to the audit

We have discussed with you the fact that we provide additional services to the charity in addition to acting as auditors. We wish to confirm to you that in our opinion the provision of such services does not affect our independence as the additional services provided are of a routine compliance nature and the Finance Manager and Trustees take any decisions where judgement is required.

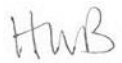
Other matters required by Auditing Standards to be communicated

There are no other matters that we are required by auditing standards to communicate to you.

We would like to take this opportunity of expressing our thanks to all of your staff for their assistance during the course of our audit, in particular George James and Julie Gough.

Please note that this report has been prepared for Southampton Engineering Training Association Limited. It must not be disclosed, quoted or referred to third parties without prior written consent. No responsibility is assumed by us to any other person.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'HWB', is written above the printed name.

HWB

Section 1: Management letter points arising from audit work

	Issue (including financial impact)	Implication/Consequence	Risk H/M/L	Recommendation	Management response	Timescale
1	The short leasehold premises have a negative net book value once worked through on the fixed asset register. This was due to the asset being over-depreciated by £7,216.	The asset was depreciated after its useful life elapsed. Management figures presented would be inaccurate.	L	Once net book value reaches zero, ensure the depreciation stops.	Miscommunication and a presumption that we were going to go back into lease immediately. This has been delayed to due to COVID-19 and a hold up with the landlords.	N/a.
2	A fixed asset register is not maintained.	Fixed assets could be misstated in the financial statements.	L	Ensure a fixed asset register is maintained and updated on a monthly basis. The register should also be agreed to the trial balance every month. HWB can supply you with the register we have set up and the required training.	The previous accountant's advised us that our asset register was incorrect. This was adjusted in 2020 however we required guidance to maintain this register going forward. Training to be provided.	Going forward.
3	Fixed asset additions have not been depreciated in the year. Depreciation for additions total £4,827.	Depreciation is understated in the financial statements.	L	Ensure fixed assets are depreciated from the point at which they are available for use.	Same response as point 2.	Going forward.
4	Accruals were not adjusted for in the year resulting in accruals being overstated by £18,160.	Accruals were overstated in the financial statements.	L	Ensure accruals are updated on a monthly basis and reconciled to the trial balance.	Schedule to be completed going forward. Additional training to be provided.	Going forward.
5	Deferred income was not adjusted for in the year resulting in deferred income being overstated by £18,787.	Deferred income was overstated in the financial statements.	L	Ensure deferred income is updated on a monthly basis and reconciled to the trial balance.	Same response as point 4.	Going forward.

Section 2: Adjusted misstatements

Audit materiality of £58,500

	Description	Nominal	Balance sheet	SOFA	Total
			£	£	£
1	Surplus/(deficit) per trial balance		-	26,928	26,928
	Audit adjustments:				
	To reallocate ESFA's accrued income	Prepayments	63,878	-	-
		Trade debtors	(63,878)	-	-
2	To release prior year accrued income	Welding courses	-	(6,759)	(6,759)
3	To adjust for year-end accruals	Auditors remuneration	-	(250)	(250)
		Wages	-	20,677	20,677
		Social security	-	1,721	1,721
		Bank charges	-	55	55
		Light and heat	-	(1,154)	(1,154)
		Cleaning, laundry and refuse	-	(23)	(23)
		Sundries	-	135	135
		Other operating leases	-	(3,000)	(3,000)
4	To release prior year deferred income	AM2 testing income	-	17,001	17,001
		Commercial courses income	-	27,076	27,076
5	To correct depreciation charge	Plant and machinery additions	3,275	-	-
		Plant and machinery depreciation	(3,275)	-	-
6	To reverse depreciation for second avenue	Depreciation for short leasehold	-	7,217	7,217
7	To provide depreciation for additions in the year	Depreciation for plant and machinery	-	(4,827)	(4,827)
8	To correct VAT charge	Sundries	-	14,281	14,281

Description			Nominal	Balance sheet	SOFA	Total
				£	£	£
9	To dispose of assets	Loss on disposal		-	(4,735)	(4,735)
10	To release government grant	Government grants		-	3,319	3,319
11	To defer income invoiced in August 21 relating to September 21.	AM2 testing income		-	(4,730)	(4,730)
		Commercial courses income		-	(20,560)	(20,560)
	Surplus per final accounts			-	72,372	72,372

Section 3: Unadjusted misstatements

Schedule of unadjusted misstatements above audit triviality of £2,000.

	Description	Nominal	SOFA		Balance Sheet	
			Dr	Cr	Dr	Cr
			£		£	£
1	To defer income relating to work completed in September 2021, invoiced in August 2021.	Commercial courses	11,314	-	-	-
		Income in advance	-	-	-	11,314
2	To accrue for costs relating to work completed in August 2021, invoiced in September 2021.	Course costs and accommodation	2,474	-	-	-
		Accruals	-	-	-	2,474
	Total		13,788	-	-	13,788
		Reduction on surplus	(13,788)			

Section 4: Going Concern

Trustees' assessment

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the charity has sufficient resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Work performed by HWB

- ❑ Review latest budgets to ascertain whether going concern has been correctly addressed.
- ❑ Enquire into whether there have been any material new commitments, borrowings or guarantees post year end.
- ❑ Enquire into whether there have been disposals or acquisition of material assets or any appropriation or destruction of assets.
- ❑ Consideration of any financial uncertainties regarding the charity's financial sustainability as a result of Covid-19.

Conclusion

The charity has made a surplus of £72,372 for the year ended 31 August 2021 and the balance of funds at that date is £209,576 (excluding the Fair Value reserve).

The charity is projecting to make a surplus of £31,553 in the year ending 31 August 2021. Funds at that date are therefore forecast to be £241,129. Based on this, our assessment is that the charity continues to be a going concern and our audit report is not modified in this respect.

Section 5: Assignment Director Contact Details



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