

REGISTERED COMPANY NUMBER: 00918178
REGISTERED CHARITY NUMBER: 518211

S. W. Durham Training Limited
Report of the Trustees and
Financial Statements
for the Year Ended 31 July 2020

S. W. Durham Training Limited

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for the Year Ended 31 July 2020**

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S. W. Durham Training Limited

Report of the Trustees for the Year Ended 31 July 2020

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 July 2020. 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

Charitable objectives

It is the objective of S W Durham Training Limited to provide a high quality training service and promote a lifetime of learning culture to meet the ongoing needs of individuals and the business community, to maximise potential, to secure jobs and create wealth for the region.

ACHIEVEMENT AND PERFORMANCE

The charitable company continues to develop and deliver full time training for young people and adults in the engineering sector, apprentice frameworks and bespoke/commercial training programmes to local and regional organisations, providing lifelong learning opportunities within manufacturing, engineering and commercial sectors.

FINANCIAL REVIEW

Personnel

The average number of employees throughout the period 2019/20 was 19 (2018/19: 21).

Reserves policy

The Council of Management consider the charitable company requires reserves to:

- ensure that the current activities of the charitable company would be able to continue in the event of a change or significant drop in the level of funding;
- allow the Council to react quickly to the training needs of the manufacturing and service industries in our area;
- enable the charitable company to continue to invest in fixed assets and maintain the freehold property in a high state of repair.

In order to be prepared for these eventualities target reserves equating to 6 months of cash expenditure, excluding Group recharges, are deemed appropriate; £500k. The Reserves Policy will be reviewed and approved annually by the Council.

The Council has reviewed the level of free reserves held, which currently stand at £813,520 (2019: £758,413), and considers this is adequate to ensure the continued operation of the charitable company.

Monthly management accounts are prepared to enable the Council to monitor the level of reserves on a timely basis.

S. W. Durham Training Limited

Report of the Trustees for the Year Ended 31 July 2020

FINANCIAL REVIEW

Going concern

It is considered appropriate to adopt the going concern basis of accounting in preparing these financial statements, on the basis that the company has the ability to continue to operate for a significantly longer period than the statutory twelve months from the date of approval.

During 2020 the world was hit by a global pandemic and at the time of preparing these financial statements, the world remains in the grips of the global pandemic. As a result, there is much about the future that is uncertain. There is general agreement that the country will suffer a recession the likes of which has not been seen since the Second World War. It is also generally accepted that in periods of financial pressure the training budget is one of the first things to be cut by businesses. Consequently, it is anticipated that apprenticeship recruitment will be severely impacted by the recession.

The 19/20 financial statements see the company move into a loss position, where previously a surplus was projected although the final position is improved from the forecast prepared during the most significant period of lockdown. Government schemes have been accessed where possible for the year 19/20, but the impact of the global pandemic has been unprecedented and has affected some in year income streams significantly, it remains to be seen what the ongoing impact will be. The 19/20 year was manageable but the greater impact is expected to be on the 20/21 year.

A cautious approach has been taken to the preparation of the 20/21 financial plan showing reduction in income streams that will certainly be affected by the impact of Covid-19, particularly apprenticeship income and commercial income. 2020/21 apprenticeship income assumptions are based on the following factor; The value of 'carry in' funding (funding for apprentices already in learning) for the company is calculated at £500k. Also, a detailed assessment has been made of the current apprentices to calculate the risk of their being made redundant. A cautious approach has been taken to predicting the number of new apprenticeship enrolments in 2020/21, taking into account the current employer base that the College and SWDT work with. There has been careful planning of staffing and non pay budget, taking account of the additional costs likely to be incurred by the measure required to fulfil the government requirements on social distancing and getting learners back into the education. The 20/21 plan shows SWDT to be in a deficit position, work will continue to reduce the deficit position and bring the organisation back to a surplus position for the year 21/22. The quarter 2 reforecast prepared in Jan-21 shows a small reduction in income, with an increase in apprenticeship income countered by a reduction in commercial income. Apprentices remain on target and a number of additional sign ups have been made in year between lock down periods. SWDT remain in a deficit position but this has improved from budget (-£66k) to quarter 2 (-£27k).

Detailed cash flow forecasts have been prepared which show that SWDT is expected to have a positive cash position for at least 12 months from the date of signing these financial statements

Financial Year

Early in 2020 the world was hit by a global pandemic which escalated to the point that was unimaginable. At the time of preparing the financial statements, the threat of Covid-19 remained. Whilst the focus of S W Durham Training remains the same, the impact of Covid-19 led the company to reassess some of the income assumptions in year. The impact of Covid_19 is reflected in the financial performance for the charitable company over the last year. The company finished the year in a deficit position; this was predominantly due to a shortfall in Apprenticeship and commercial income as a result of Covid-19. Staffing came in higher than forecast.

The Council of Management are proposing for approval at the annual general meeting that the fee structure for the training period commencing 1 August 2020 be as follows:

(a) that a company sending a learner to the centre and having that learner with S W Durham Training Limited will, providing the learner is eligible for full funding, not be charged whilst full funding is still available for that learner and they are aged 16-18 at the start of their framework. If the learner is not eligible for full funding, the sponsoring company will pay the difference between full funding and that received;

(b) that companies will pay fees for their learner to attend work based learning and further education subsequent to completion of apprenticeships framework.

COUNCIL OF MANAGEMENT

No fees have been paid to any Member of the Council of Management nor does any such member have any beneficial interest in, or a contract with, the charitable company.

S. W. Durham Training Limited

Report of the Trustees for the Year Ended 31 July 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

S W Durham Training Limited is a company limited by guarantee, incorporated in the United Kingdom and a registered charity. The charitable company is governed by its Memorandum and Articles of Association, as amended at the extraordinary general meeting of 17 October 2014.

Recruitment and appointment of new council members

Council members, who are also trustees and directors of the charitable company, can appoint any nominated member to act until the next Annual General Meeting at which time they are eligible for re-election.

Organisational structure

The council members can meet as many times as they see fit, but generally they meet every three months. Decisions will be made by a majority vote with the Chairman having the casting vote. Day to day management of the charitable company is delegated to the Chief Executive.

Induction and training of new council members

New council members are briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, recent financial performance and future plans. They are introduced to key employees and other council members. Council members are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Key management remuneration

Details of key management remuneration, which is set by the council having regard to the recommendations of the remuneration committee of the parent Bishop Auckland College, are set out in note 9 to the financial statements.

Investment powers

The council members may invest any monies in any manner authorised by law for the investment of such funds.

Restrictions imposed

No paid employee or person in receipt of fees or any other remuneration from the charitable company may be a council member. However, any council member engaged by the charitable company in any profession will be entitled to be paid for any work done for the charitable company.

Public benefit

The charitable company's aims and achievements are set out within this report. The activities set out in this report have been undertaken to further the charitable company's charitable purposes for the public benefit. The council members have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the trustees have paid due regard to this guidance in deciding what activities the Trust should undertake.

The charitable company's activities in providing training for young people benefit the learners themselves as well as employers and the wider community, providing opportunities to learners and contributing to the creation of jobs and wealth for the North East.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00918178 (Not specified/Other)

Registered Charity number

518211

Registered office

Durham Way South
Aycliffe Business Park
NEWTON AYCLIFFE
Co Durham
DL5 6AT

S. W. Durham Training Limited

Report of the Trustees for the Year Ended 31 July 2020

Trustees

Andrew Dunn (Chair)
Andrew Scott
Natalie Davison
Pamela Petty
Paul Aither
Benjamin Gilhespy
Geoffrey Willis (appointed 8 October 2019)

The trustees, who constitute the Council of Management, are also the directors of the company for the purposes of the Companies Act 2006.

Chief Executive Officer

Stuart Johnson

Company Secretary

Lynn Heighton

Auditors

RSM UK Audit LLP
1 St James' Gate
NEWCASTLE UPON TYNE
Tyne and Wear
NE1 4AD

Solicitors

Muckle LLP
Time Central
32 Gallowgate
NEWCASTLE UPON TYNE
NE1 4BF

Bankers

Barclays Bank Plc
PO Box 378
71 Grey Street
NEWCASTLE UPON TYNE
NE99 1JP

S. W. Durham Training Limited

Report of the Trustees for the Year Ended 31 July 2020

CHAIRMAN'S STATEMENT

On behalf of the Council of Management, may I take this opportunity to thank all members of staff of S W Durham Training Limited for their continued support and dedication to the success of the charitable company. I would also like to take this opportunity to thank all our Member Companies for their high level of support during the year. This has been a challenging year for S W Durham Training with the impact of COVID-19; despite the challenges we have seen, maintenance of study programme learners. The organisation and the country face an uncertain future. But study programme numbers continue to increase, apprenticeship numbers continue to grow and the introduction of the new HNC

Changes to the current curriculum have proved beneficial as study programme numbers are in line with current funding values and in some areas are slightly above target. HE numbers are encouraging and are in above target this year with new companies requesting to take up this provision with SWDT. Apprenticeship numbers are very encouraging and are bucking the current trend seen across other parts of the country. New and existing employers are increasing their investment in training and have selected SWDT as their provider of choice. Work carried out during lockdown by the BD and SMT at SWDT has resulted in new and innovative ways of delivery via online platforms, this has allowed us to develop new route ways and establish working partnerships countrywide.

Signed on behalf of Andrew Dunn, Natalie Davison-Terranova

N. Davison-Terranova

Date 31st March 2021

S. W. Durham Training Limited

Report of the Trustees for the Year Ended 31 July 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of S. W. Durham Training 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;
- 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, RSM UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 31st March 2021 and signed on its behalf by: Natalie Davison-Terranova

Trustee

N. Davison-Terranova

Report of the Independent Auditors to the Members of S. W. Durham Training Limited

Opinion

We have audited the financial statements of S W Durham Training Limited (the 'charitable company') for the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 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 Auditor's 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion 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 Trustee's Report which includes the directors report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors report included within the trustees report has been prepared in accordance with applicable legal requirements.

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 Trustees' Report.

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

**Report of the Independent Auditors to the Members of
S. W. Durham Training Limited**

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 6, 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

RSM UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)
for and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
NEWCASTLE UPON TYNE
Tyne and Wear
NE1 4AD

Date: *31 March 2021*

S. W. Durham Training Limited

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 July 2020**

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities	3				
Income from activities and services		1,220,960	-	1,220,960	1,372,101
Investment income	2	<u>12</u>	<u>-</u>	<u>12</u>	<u>175</u>
Total		1,220,972	-	1,220,972	1,372,276
 EXPENDITURE ON					
Charitable activities	4				
Charitable expenditure		<u>1,289,444</u>	<u>126,603</u>	<u>1,416,047</u>	<u>1,476,867</u>
 NET INCOME/(EXPENDITURE)		(68,472)	(126,603)	(195,075)	(104,591)
 RECONCILIATION OF FUNDS					
Total funds brought forward		<u>1,476,190</u>	<u>1,848,679</u>	<u>3,324,869</u>	<u>3,429,461</u>
 TOTAL FUNDS CARRIED FORWARD		<u><u>1,407,718</u></u>	<u><u>1,722,076</u></u>	<u><u>3,129,794</u></u>	<u><u>3,324,870</u></u>

The notes form part of these financial statements

S. W. Durham Training Limited

**Balance Sheet
31 July 2020**

	Notes	Unrestricted fund £	Restricted funds £	2020 Total funds £	2019 Total funds £
FIXED ASSETS					
Tangible assets	10	594,198	1,722,076	2,316,274	2,566,456
CURRENT ASSETS					
Debtors	11	124,286	-	124,286	260,449
Cash at bank		<u>818,754</u>	<u>-</u>	<u>818,754</u>	<u>668,362</u>
		943,040	-	943,040	928,811
CREDITORS					
Amounts falling due within one year	12	(129,520)	-	(129,520)	(170,397)
NET CURRENT ASSETS		<u>813,520</u>	<u>-</u>	<u>813,520</u>	<u>758,414</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,407,718</u>	<u>1,722,076</u>	<u>3,129,794</u>	<u>3,324,870</u>
NET ASSETS		<u><u>1,407,718</u></u>	<u><u>1,722,076</u></u>	<u><u>3,129,794</u></u>	<u><u>3,324,870</u></u>
FUNDS	14				
Unrestricted funds				1,407,718	1,476,191
Restricted funds				<u>1,722,076</u>	<u>1,848,679</u>
TOTAL FUNDS				<u><u>3,129,794</u></u>	<u><u>3,324,870</u></u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 31st March 2021. and were signed on its behalf by: Natalie Davison- Terranova

N. Davison- Terranova

Trustee

S. W. Durham Training Limited

Notes to the Financial Statements for the Year Ended 31 July 2020

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.

The charitable company has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charitable company's activities.

The financial statements are prepared on the going concern basis which assumes that the charitable company will continue to operate. Further detail on going concern is given on page 2 of the Trustees' report.

The financial statements are prepared in sterling (£).

Going Concern

The financial statements are prepared on the going concern basis which assumes that the charitable company will continue to operate.

The charity had total funds of £3,129,794 as at 31 July 2020 (decrease of £195,076 from 31 July 2019). As a result of the Covid-19 pandemic, the budgets and cash flow forecasts have been updated to factor in the expected reduction in income and a worst case scenario has been used to confirm that the charity has sufficient cash for the organisation to continue for at least 12 months from the date these financial statements are signed. At the time of approving the financial statements, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements

Financial reporting standard 102 - reduced disclosure exemptions

The charitable company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 7 Statement of Cash Flows.

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 costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

S. W. Durham Training Limited

Notes to the Financial Statements - continued for the Year Ended 31 July 2020

1. ACCOUNTING POLICIES – continued

Tangible fixed assets

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

Freehold land & buildings	- 4% on cost and 2% on cost
Plant, machinery, fixtures & equipment	- 20% on cost, 16.67% on cost, 10% on cost and 4% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 50% on cost and 33%-50% on cost

Related party exemption

The charitable company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions group entities.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The charitable company operates a funded group pension plan arrangement, whereby it makes contributions directly to each individual employees' pension plan. Contributions paid are included in the period to which they relate.

Irrecoverable vat

The charity was partially exempt for VAT purposes for the period ended 31 July 2020. Irrecoverable VAT has been included in the Statement of Financial Activities during the period within support costs.

Investments

Listed investments are included in the financial statements at market value at the balance sheet date.

Financial Instruments

The charitable company has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement

Depreciation - Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation policy. The value of the depreciation charge during the year was £250,181.

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

2. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
Bank interest	<u>12</u>	<u>-</u>	<u>12</u>	<u>175</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2020 £	2019 £
Apprentices & youth/adult training	Income from activities and services	1,010,335	1,065,405
Course fees	Income from activities and services	<u>210,625</u>	<u>306,696</u>
		<u>1,220,960</u>	<u>1,372,101</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 5) £	Totals £
Charitable expenditure	<u>785,314</u>	<u>630,733</u>	<u>1,416,047</u>

5. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Charitable expenditure	<u>616,890</u>	<u>13,843</u>	<u>630,733</u>

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

Management

	2020 Charitable expenditure £	2019 Total activities £
Wages & salaries	15,750	17,935
Social security	1,814	1,997
Pensions	1,338	986
Advertising & publicity	1,673	5,410
General expenses	6,580	13,095
Irrecoverable VAT	27,068	36,406
Operating and maintenance costs	63,990	70,727
College recharges	249,996	249,000
Depreciation of tangible and heritage assets	250,181	255,528
Gain/loss on sale of tangible fixed assets	<u>(1,500)</u>	<u>(31,250)</u>
	<u>616,890</u>	<u>619,834</u>

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

5. SUPPORT COSTS - continued
Governance costs

	2020 Charitable expenditure £	2019 Total activities £
Auditors' remuneration	11,410	7,200
Accountancy and legal fees	<u>2,433</u>	<u>12,270</u>
	<u>13,843</u>	<u>19,470</u>

6. NET INCOME/(EXPENDITURE)

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

	2020 £	2019 £
Auditors' remuneration	11,410	7,200
Depreciation - owned assets	250,182	255,528
Surplus on disposal of fixed assets	(1,500)	(31,250)
Operating Leases	<u>8,438</u>	<u>52,679</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

The trustees receive no emoluments for their services to the charitable company (2019:£Nil).

Trustees' expenses

Trustees' expenses totalling £Nil were reimbursed during the year (2019: £Nil).

8. STAFF COSTS

	2020 £	2019 £
Wages and salaries	529,964	514,820
Social security costs	46,450	44,063
Other pension costs	<u>90,844</u>	<u>60,460</u>
	<u>667,258</u>	<u>619,343</u>

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

	2020	2019
Training	14	14
Administration	<u>5</u>	<u>7</u>
	<u>19</u>	<u>21</u>

Key management comprise the Chief Executive. Remuneration of key management during the year was £63,010 including £4,463 pension contributions (2019: £28,128 including pension contributions of £1,324)

No employees received emoluments in excess of £60,000 (2019: Nil).

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Income from activities and services	1,372,101	-	1,372,101
Investment income	<u>175</u>	<u>-</u>	<u>175</u>
Total	1,372,276	-	1,372,276
 EXPENDITURE ON			
Charitable activities			
Charitable expenditure	<u>1,350,264</u>	<u>126,603</u>	<u>1,476,867</u>
 NET INCOME/(EXPENDITURE)	22,012	(126,603)	(104,591)
 RECONCILIATION OF FUNDS			
Total funds brought forward	<u>1,454,179</u>	<u>1,975,282</u>	<u>3,429,461</u>
 TOTAL FUNDS CARRIED FORWARD	<u><u>1,476,191</u></u>	<u><u>1,848,679</u></u>	<u><u>3,324,870</u></u>

10. TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant, machinery, fixtures & equipment £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 August 2019 and 31 July 2020	<u>4,804,380</u>	<u>3,335,864</u>	<u>42,984</u>	<u>713,397</u>	<u>8,896,625</u>
 DEPRECIATION					
At 1 August 2019	2,952,682	2,621,106	42,984	713,397	6,330,169
Charge for year	<u>145,375</u>	<u>104,807</u>	<u>-</u>	<u>-</u>	<u>250,182</u>
At 31 July 2020	<u>3,098,057</u>	<u>2,725,913</u>	<u>42,984</u>	<u>713,397</u>	<u>6,580,351</u>
 NET BOOK VALUE					
At 31 July 2020	<u><u>1,706,323</u></u>	<u><u>609,951</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,316,274</u></u>
At 31 July 2019	<u><u>1,851,698</u></u>	<u><u>714,758</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,566,456</u></u>

Included in cost or valuation of land and buildings is freehold land of £300,000 (2019 - £300,000) which is not depreciated.

Freehold land was revalued as at 31 July 2014 by the trustees supported by an independent valuation. On transition to FRS102 the freehold land is held at deemed cost.

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	4,840	30,448
Amounts owed by group undertakings	-	103,120
Prepayments and accrued income	<u>119,446</u>	<u>126,881</u>
	<u><u>124,286</u></u>	<u><u>260,449</u></u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	2,258	17,267
Amounts owed to group undertakings	23,973	-
Social security and other taxes	42,284	25,499
Deferred income	33,093	56,512
Accruals	<u>27,912</u>	<u>71,119</u>
	<u><u>129,520</u></u>	<u><u>170,397</u></u>

Deferred Income

Balance at 1 August 2019	56,512
Amount received and accrued in the year	1,198,733
Balance at 31 July 2020	<u>(33,093)</u>
Amount released to incoming resources	<u><u>1,222,152</u></u>

Deferred income relates to Adult learner loans income received and not earned. This funding will be subject to clawback.

13. LEASING AGREEMENTS

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

	2020	2019
	£	£
Within one year	8,439	8,484
Between one and five years	<u>8,439</u>	<u>8,484</u>
	<u><u>16,878</u></u>	<u><u>16,968</u></u>

14. MOVEMENT IN FUNDS

	At 1.8.19	Net movement in funds	At 31.7.20
	£	£	£
Unrestricted funds			
General fund	1,476,190	(68,472)	1,407,718
Restricted funds			
The Core	1,848,679	(126,603)	1,722,076
	<u>3,324,869</u>	<u>(195,075)</u>	<u><u>3,129,794</u></u>
TOTAL FUNDS			

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

14. 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	1,220,972	(1,289,444)	(68,472)
Restricted funds			
The Core	-	(126,603)	(126,603)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,220,972</u>	<u>(1,416,047)</u>	<u>(195,075)</u>

Comparatives for movement in funds

	At 1.8.18 £	Net movement in funds £	At 31.7.19 £
Unrestricted funds			
General fund	1,454,179	22,012	1,476,191
Restricted funds			
The Core	1,975,282	(126,603)	1,848,679
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>3,429,461</u>	<u>(104,591)</u>	<u>3,324,870</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,372,276	(1,350,264)	22,012
Restricted funds			
The Core	-	(126,603)	(126,603)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,372,276</u>	<u>(1,476,867)</u>	<u>(104,591)</u>

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

14. MOVEMENT IN FUNDS - continued

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

	At 1.8.18 £	Net movement in funds £	At 31.7.20 £
Unrestricted funds			
General fund	1,454,179	(46,460)	1,407,719
Restricted funds			
The Core	1,975,282	(253,206)	1,722,076
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u><u>3,429,461</u></u>	<u><u>(299,666)</u></u>	<u><u>3,129,795</u></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	2,593,248	(2,639,708)	(46,460)
Restricted funds			
The Core	-	(253,206)	(253,206)
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u><u>2,593,248</u></u>	<u><u>(2,892,914)</u></u>	<u><u>(299,666)</u></u>

Unrestricted funds: These funds represent unrestricted resources available for the general work of the charitable company.

The Core:

This is funds from Durham County Council for the creation of the advanced manufacturing facility known as The Core (Creating Opportunities, Realising Excellence).

15. ULTIMATE PARENT COMPANY

The ultimate parent company is Bishop Auckland College, a college of further education incorporated in the United Kingdom, which is the sole member of the charity. The consolidated accounts can be obtained from the college at Woodhouse Lane, Bishop Auckland, County Durham, DL14 6JZ.

S. W. Durham Training Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 July 2020**

16. CAPITAL COMMITMENTS

There were no capital commitments at 31 July 2020 or 2019.

17. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 July 2020.

18. MEMBERS

The liability of the members of the charitable company is limited by guarantee and such liability does not exceed £10 per member.