

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

(a company limited by guarantee and not having share capital)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2020

Company number: 979949

Registered Charity Number: 526145

Champion Accountants LLP

2nd Floor Refuge House
33-37 Watergate Row
Chester
CH1 2LE

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

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OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2020

The trustees/directors of Oldham Engineering Group Training Association Limited (T/A OTC) present their fiftieth annual report together with the financial statements for the year ended 31 July 2020. The directors or members of the board of the charitable company (the charity) are its trustees for the purpose of charity law. Throughout this report they are collectively referred to as the 'trustees'.

Reference and Administrative Information

Charity number: 526145

Company number: 979949

Chief Executive: N Eglin

Principal office: Lees Road, Oldham, OL4 1JP

Auditors: Champion Accountants LLP.
2nd Floor Refuge House, 33-37 Watergate Row, Chester. CH1 2LE

Bankers: Barclays Bank PLC, Oldham

Trustees: Mr D Farrington (Chairman)
Mrs A Lees (Vice Chair)
Mr D Barnard (Resigned 10.03.20)
Mrs C Duggan
Mrs S Greaves (Appointed 09.07.20)
Mr D Kinghorn (Appointed 01.10.19)
Mr J Robinson

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2020 *continued...*

Structure, Governance and Management

Governing Document

Oldham Engineering Group Training Association known as OTC, is a company limited by guarantee governed by its Memorandum and Articles of Association. It is registered as a charity with the Charity Commission.

The liability of the members is limited to £20 each on a winding up whilst membership continues or within one year after membership ceases.

Membership of the company at 31 July 2020 stood at 42 members (54 members at 31 July 2019).

Appointment of trustees

Members of the Board of Trustees are drawn from member companies, local business, education and voluntary sector communities.

Trustees' induction and training

There is currently no formal training or induction process for trustees but informal seminars are held after board meetings and a Charity Commission booklet is available to inform trustees of their rights and responsibilities.

Organisation

The company is controlled and operated on a day to day basis by a CEO and two supporting managers who are all very experienced in the work based learning field. The management team are supported by a board of trustees with whom they work very closely. A total of 16 staff are employed with an additional 6 freelance associates delivering a variety of training provision as required.

Related parties

Members of the charity and its Board of Trustees are drawn from local business, member companies, education and training and voluntary sector communities.

Close working relationships exist between the Charity and these representatives, which have proved invaluable to the charity in establishing improved links within the community and identifying relevant policy developments and prospective funding.

OTC has a wholly owned subsidiary company *O.T.C. Consultancy Limited*, which provides Health & Safety consultancy and training services.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2020 continued...

Objectives and activities

The objective of the Charity is to provide quality training and training facilities for the apprentices and employees of both member and non member companies serving mainly the engineering, manufacturing and construction industries along with warehousing and distribution and all classes of industry and commerce.

Funding is provided mainly through the Education & Skills Funding Agency (E.S.F.A) and supplemented by other providers.

The Trustees are mindful of the Charity Commission guidance on public benefit and consider that the provision of training which enhances employment opportunities for young people is of benefit to the local economy and society generally.

Risk management

The trustees have assessed the main risks to which the charity is exposed; in particular those related to the operations and finance of OTC and are satisfied that systems are in place to mitigate the exposure to such risks.

Achievements, performance and future plans

2019-2020 began to see an improving increase of Apprenticeship appetite by local and regional employers following on from the increased success of 2018-2019, however Brexit and the looming access to the Digital Account Service (DAS) for SME's, began to have an impact from November 2019. This saw the local employment sectors of Engineering and Business Service sectors tread tentatively with regard to recruitment of Apprenticeships. It was clear the delay in Brexit transition and trading agreements between UK and EU would linger further into 2020 in turn affecting the UK economy as a whole, especially engineering, manufacturing and service sectors. The continued reduction in the percentage of employer contribution (from 10% to 5%) did, however, help to stimulate some enquiries. Levy concerns also weighed heavy on SME's approach to recruitment of new Apprentices, limiting OTC's funding position.

Covid-19 affected all further educational establishments with total centre closure from mid-March to beginning of June 2020 with only remote support possible for our apprentices during this time. During June and July 2020 we continued to provide only remote support with the exception of critical and vulnerable learners who were supported within our Covid-19 Secure training centre. As a result of the restrictions, minimal numbers of new Apprenticeship starts were seen which affected this period of trade.

OTC continued to support employers, mainly virtually, due to the restrictions created by Covid-19 from March to July 2020. We continued to review and expand our relationships with existing and future partners working with other independent Training Providers and Prime Providers (through subcontract arrangements) to extend provision in the sector.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2020 continued...

Financial Review

In what proved to be another difficult year the financial statements show an operating deficit of £1,700 (2019: £36,829). As already mentioned in this report we faced a number of practical issues which led to a reduction in income without a similar reduction in expenditure, mainly Apprenticeship training employee costs.

The Government's phasing out of Apprenticeship Frameworks and the introduction of new Apprenticeship Standards resulted in OTC investing in further delivery development and upgrades to the training centre in order to meet the challenges new content and delivery models would bring, whilst continuing to maintain and deliver existing qualification pathways. In order to meet these demands, it became necessary to utilise additional sector expertise. As a consequence of investing in new Standards, however, Employer interest has been slowly growing leading to a number of new apprentice starts. This was continually reviewed as Covid-19 affected the further education and wider supporting economic sectors.

Looking forward, the Government announced that previously announced reforms and funding changes for the contract year 2019-2020 would be delayed into 2021 due to Covid-19, some of which are planned to ease the transfer of levy cash to non-levy companies in an endeavour to further stimulate the sector. OTC is ideally placed to continue support to small employers in adapting to the upcoming changes. At this early stage, it is difficult to accurately assess the impact or, indeed, predict future contracts and cash flow in the short to medium term. Both Brexit and Covid-19 will affect Apprenticeship provisions over the next 1-2 years.

Cash flow and activity levels are monitored on a very regular basis and the Trustees are confident that the careful management of resources, the best use of the excellent training facility and the support of all staff members will enable the charity to continue to offer engineering training to the businesses of Oldham and the surrounding areas.

Investment powers and policy

All funds not immediately required are placed on high interest deposit, although deposit rates are very low, currently 1% - 2%.

Reserves policy

The Board of Directors and senior management team believe we have the resources to maintain and strengthen our position in the training environment.

The majority of the charity's reserves are in cash and invested in the property and land at Lees Road, Oldham which is free of borrowings and which could be used as collateral in the event of an emergency, meanwhile reducing the cost base of the company to allow greater training activities. Currently the "free reserves" total £224,970 (2019: £209,380) which equates to approximately 3.5 months expenditure (2019: 3.5 months). The Charity's aim is to hold 3 -6 months in reserve.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2020 *continued...*

Trustees' responsibilities in relation to the financial statements

The trustees are responsible for preparing the annual report and financial statements in accordance with applicable law and 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 charity and of its surplus or deficit for that year. In preparing these 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 sound judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The trustees confirm that the financial statements comply with current statutory requirements, the requirements of the memorandum and articles of association and the requirements of the Charities SORP.

This report has been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

Auditors

The auditors, Champion Accountants LLP, are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the board on 23rd April 2021
and signed on its behalf by:



D Farrington
Trustee/Director

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

Opinion

We have audited the financial statements of Oldham Engineering Group Training Association Limited for the year ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and related notes 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 Financial Reporting Standard 102 "The Financial Report 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 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 trustee's 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 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 other information comprises the information included in the Trustees/Directors report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information and our opinion on the financial statements does not cover the other information, 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 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 matter 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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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 by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the trustees' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED continued..

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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 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 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.

Champion Accountants LLP

Susan Harris MA ACA (Senior Statutory Auditor)

For and on behalf of **Champion Accountants LLP**

2nd Floor Refuge House
33-37 Watergate Row
Chester
CH1 2LE

Date :

26 April 2021

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account) : YEAR ENDED 31 JULY 2020

	Note	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
<u>Income and endowments from:</u>					
<i>Raising funds:</i>					
<i>Other trading activities:</i>					
Commercial trading operations	2	-	-	-	-
Other income and donations	3	27,668	-	27,668	11,099
<i>Investment income</i>	4	10	-	10	371
		27,678	-	27,678	11,470
<i>Charitable activities:</i>					
Training fees	5	665,265	-	665,265	620,008
Total income and endowments		692,943	-	692,943	631,478
<u>Expenditure on:</u>					
<i>Raising funds:</i>					
Commercial trading operations		-	-	-	-
<i>Charitable activities:</i>					
Training and governance costs		694,643	-	694,643	668,308
Total expenditure	6	694,643	-	694,643	668,308
Net income/(expenditure)		(1,700)	-	(1,700)	(36,829)
<i>Other recognised gains/(losses)</i>					
Gain on revaluation of freehold property	9	-	-	-	176,926
Net movement in funds		(1,700)	-	(1,700)	140,096
<i>Reconciliation of funds</i>					
Total funds brought forward		850,621	-	850,621	710,525
Total funds carried forward	20	848,921	-	848,921	850,621

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

All income and expenditure derive from continuing activities.

The accompanying notes are an integral part of this statement of financial activities.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

BALANCE SHEET : AS AT 31 JULY 2020

	<i>Note</i>	2018 £	2019 £
FIXED ASSETS			
Tangible assets	11	634,503	640,047
Investment in subsidiary company	12	2	2
		<u>634,505</u>	<u>640,049</u>
CURRENT ASSETS			
Debtors and prepayments	13	94,162	116,817
Cash at bank and in hand		215,884	207,138
		<u>310,046</u>	<u>323,955</u>
CREDITORS:			
Amounts falling due within one year	14	(84,149)	(99,102)
NET CURRENT ASSETS (LIABILITIES)		<u>225,897</u>	<u>224,853</u>
CREDITORS:			
Amounts falling due over one year	15	11,481	14,281
NET ASSETS	20	<u>848,921</u>	<u>850,621</u>
FUNDS			
<i>Unrestricted funds:</i>			
Designated	19	440,446	446,833
General	19	408,475	403,788
TOTAL FUNDS	19	<u>848,921</u>	<u>850,621</u>

These accounts have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with FRS 102 (effective January 2015).

The financial statements were approved by the Board on 23/04/21 and signed on its behalf by:


..... Trustee/Director

Registration number: 979949

The accompanying notes are an integral part of this balance sheet.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS : YEAR ENDED 31 JULY 2020

	<i>Note</i>	2020 £	2019 £
CASH USED IN OPERATING ACTIVITIES	21	28,679	27,131
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		10	371
Purchase of tangible fixed assets		(17,143)	(8,206)
Proceeds from sale of tangible fixed assets		-	950
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(17,133)	(6,885)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowing		(2,800)	(3,104)
CASH USED IN FINANCING ACTIVITIES		(2,800)	(3,104)
Increase/(decrease) in cash and cash equivalents in the year		8,746	17,142
Cash and cash equivalents at the beginning of the year		207,138	189,996
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		215,884	207,138

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

1 Accounting policies

a) **Basis of preparation**

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

b) **Company status**

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £20 per member.

c) **Incoming resources**

All incoming resources are included in the SOFA when the charity is legally entitled to the income, there is certainty of receipt and the amount can be quantified with reasonable accuracy.

Income relating to contracts is deferred where the services have only been partially performed at the year end.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

d) **Resources expended**

All 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 use of the resources. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis (eg. estimated usage).

- Costs of generating funds are those costs incurred in trading activities that raise funds.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services, and include both the direct costs and support costs relating to these activities.

- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

e) **Irrecoverable VAT**

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged under a separate heading in the SOFA.

f) **Operating leases**

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

g) **Tangible fixed assets and depreciation**

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life as follows :

Freehold land	- not depreciated
Freehold buildings	- 2% on valuation
Plant and machinery	- 10% on cost
Office equipment and fixtures	- 20% on cost
Computer equipment	- 25% on cost
Motor vehicles	- 25% on cost

h) **Property revaluation policy**

Freehold land and buildings are initially measured at cost and subsequently at cost or valuation, net of depreciation and any impairment losses. Valuations are undertaken on a regular basis, with a formal valuation every five years, to ensure that the carrying amount does not differ materially from fair value. Gains and losses on revaluation are recognised in the SOFA. An impairment review is carried out annually.

i) **Fixed asset investments policy**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised in the SOFA. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies continued

j) Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

k) Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the trustees/directors in furtherance of the general objectives of the Charity and that have not been designated for other purposes.

Restricted funds are funds subject to restrictions imposed by the donor or by the specific terms of the appeal under which the funds are raised.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees / directors for particular purposes.

l) Pensions

Defined contribution scheme

Contributions in respect of the company's defined contribution pension scheme are charged to the SOFA for the year in which they are payable to the scheme.

m) Changes in presentation

Where changes in presentation have been made the comparative figures have been adjusted accordingly.

n) Going concern

The trustees have considered the on-going situation with regard to COVID-19 as part of their going concern assessment. The view of the trustees is that, while they acknowledge the significant disruption that the pandemic has had in the last year and will continue to bring over the coming months, the trustees feel that the charity is well placed to negotiate the unique set of conditions currently facing the UK economy – the charity's income, in the main, is government funded, its current level of cash is positive, and its freehold property unencumbered, which gives the trustees comfort in being able to meet the Charity's liabilities for the coming 12 months.

In reaching their conclusion, the trustees have considered the company's monthly cash flows, applied sensitivity analyses as appropriate, and considered the various financial support measures which were put in place by the UK government.

The ESFA continued to accept and fund monthly claims for apprenticeships throughout the pandemic and this is anticipated to continue in to the future. This ongoing understanding removed pressure points and the need to furlough the majority of the staff through the early months of the pandemic.

Curriculum delivery models and plans were and continue to be adapted for remote and hybrid learning approaches. Staff development plans have been put in place to equip staff with the skills to continue to deliver learning through new and innovating methods. Employers continue to be supportive and enabling of the changes which have been implemented

After consideration of all factors, the trustees continue to adopt the going concern basis in preparing the financial statements.

o) Financial instruments

The charity accounts for basic financial instruments, debtors and prepayments and creditors and accruals, at the undiscounted amount of the cash or other consideration expected to be received or paid.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

2 Commercial trading operations

The charity does not carry out any fund raising activities or receive income from any commercial trading operations.

Total 2020	Total 2019
£	£

3 Other income and donations

Members levies	1,525	3,613
Income from subsidiary company	19,486	7,486
Government grants	6,657	-
	<u>27,668</u>	<u>11,099</u>

4 Investment income

Bank deposit interest	10	371
	<u>10</u>	<u>371</u>

5 Incoming resources from charitable activities

Training fees receivable:

Government training fees	615,912	597,820
<u>less</u> college training and registration fees	<u>(22,712)</u>	<u>(19,929)</u>
	593,200	577,891
Other training fees	72,065	42,118
	<u>665,265</u>	<u>620,008</u>

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

6 Total resources expended

	Raising funds	Charitable activities			
	£	Training	Governance	Total 2020	Total 2019
	£	£	£	£	£
Costs directly allocated to activities					
<i>Department:</i>					
Business Administration & Warehousing Training		20,424	-	20,424	20,253
Engineering Training		263,166	-	263,166	262,960
Marketing and Courses		52,193	-	52,193	50,947
-		335,783	-	335,783	334,161
Support costs					
Administration,Accounts, and Management		257,523	32,145	289,668	269,347
Premises Costs		49,057	-	49,057	45,645
Non-attributable VAT		20,135	-	20,135	19,155
-		326,715	32,145	358,860	334,147
Total expenditure					
-		662,498	32,145	694,643	668,308

Support costs have been apportioned using time spent, a basis which is considered consistent with the use of the resources.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

	Total 2020 £	Total 2019 £
7 Staff costs		
Total staff emoluments for the year were as follows:		
Salaries	456,027	423,756
National Insurance	40,875	33,039
Pension and life assurance	13,143	11,903
	510,045	468,698
<u>Less</u> recharged to OTC Consultancy Limited	(35,294)	(35,294)
	<u>474,751</u>	<u>433,404</u>

8 Staff numbers

The average monthly head count was 21 staff (2019: 21 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

	2020 Number	2019 Number
Charitable activities	20	20
Governance	1	1
	<u>21</u>	<u>21</u>

No employees had employee benefits in excess of £60,000 (2019: Nil).

9 Net movement in funds

Net movement in funds is arrived at after charging /(crediting):

Depreciation of tangible fixed assets	22,687	22,927
Loss (Profit) on disposal of fixed assets	-	(950)
Gain on revaluation of freehold property	-	(176,926)
Auditors' remuneration:		
audit of charitable company	6,000	6,000
non-audit	-	-

10 Taxation

The company is a registered charity and no provision is considered necessary for taxation.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

11 Tangible fixed assets

	Freehold Land and Buildings	Plant Machinery & Equipment	Motor Vehicles	Total
<u>Cost/valuation</u>				
At 1 August 2019	600,000	206,555	23,785	830,340
Additions	-	17,143	-	17,143
At 31 July 2020	600,000	223,698	23,785	847,483
<u>Depreciation</u>				
At 1 August 2019	-	183,312	6,981	190,293
Charge for the period	8,330	8,411	5,946	22,687
At 31 July 2020	8,330	191,722	12,927	212,980
<u>Net Book Value</u>				
At 31 July 2020	591,670	31,976	10,857	634,503
At 31 July 2019	600,000	23,243	16,804	640,047

In February 2020 the freehold land and buildings were valued by Messrs Breakey & Nuttall, Chartered Surveyors and Property Advisors, at an open market value of £600,000. This valuation was included in the financial statements at 31 July 2019.

The historical cost of freehold land and buildings included above at valuation was £242,500 (2019 : £242,500) and the aggregate depreciation thereon would have been £93,333 (2019 : £89,333).

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

	Motor Vehicles
<u>Cost/valuation</u>	
At 1 August 2019	23,785
Additions	-
Disposals	-
At 31 July 2020	23,785
<u>Depreciation</u>	
At 1 August 2019	6,981
Charge for the period	5,946
Disposals	-
At 31 July 2020	12,927
<u>Net Book Value</u>	
At 31 July 2020	10,857
At 31 July 2019	16,804

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

	2020 £	2019 £
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12 Investment in subsidiary company

At cost	2	2
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The above investment is in O.T.C. Consultancy Limited a company incorporated and registered in England and Wales which provides consultancy services.

The holding consists of 2 ordinary shares of £1 each, and is the whole of the issued share capital. At 31 July 2020 the accumulated share capital and reserves of OTC Consultancy Limited amounted to £25,650 (2019 : £14,725).

13 Debtors and prepayments

Trade debtors	72,174	74,959
Amount due from subsidiary undertaking	12,096	30,362
Prepayments and accrued income	9,893	11,496
	<u>94,162</u>	<u>116,817</u>

14 Creditors : amounts falling due within one year

Trade creditors	17,495	9,591
Taxation and social security costs	4,835	11,434
Hire purchase	3,105	3,105
Other creditors and accruals	35,795	42,925
Deferred income	22,919	32,047
	<u>84,149</u>	<u>99,102</u>

15 Creditors : amounts falling due over one year

Hire purchase	11,481	14,281
	<u>11,481</u>	<u>14,281</u>

16 Leasing agreements

Minimum lease payments fall due as follows:

	Hire purchase	
Net obligations repayable:		
Within one year	3,105	3,105
Between one and five years	11,481	14,281
	<u>14,586</u>	<u>17,386</u>

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NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

17 Related party transactions and transactions with directors

During the year the parent company received management charges and other income of £42,780 (2019 : £42,780) from the subsidiary company and was charged for services of £Nil (2019 : £Nil) by the subsidiary company O.T.C. Consultancy Limited.

The subsidiary company also paid net income of £12,000 (2019 : £Nil) to the parent company under a gift aid arrangement.

At 31 July 2020 OTC Consultancy Limited owed the parent company £12,096 (2019 : £30,362).

Members of the company and the Board of Trustees are representatives of the business, education and training, and voluntary sector communities. Close working relationships exist between the charity and these representatives, which have proved invaluable to the charity in establishing improved links within the community and identifying relevant policy developments and prospective funding.

Where any transactions take place between the charity and member companies and organisations with which the trustees might be connected, they are on normal commercial terms.

The charity trustees were not paid or reimbursed expenses during the year and no charity trustee received any emoluments or payment for professional or other services.

During the year the company charged membership fees to companies in which members of the board of OTC are either directors or shareholders. The amounts charged were as follows: E Farrington & Co Limited £Nil (2019 : £Nil), Concept Metal Products Limited £Nil (2019 : £Nil), Focus Education/Talking Point (UK) Limited £100 (2019 : £100) and Innovative Technology Limited £100 (2019 : £Nil). There were amounts owing to the company at the year end as follows: E Farrington & Co Limited £Nil (2019 : £Nil), Concept Metal Products Limited £1,560 (2019 : £Nil), Focus Education (UK) Limited £Nil (2019 : £120), and Innovative Technology Limited £Nil (2019 : £120).

18 Pension fund

The company operates a defined contribution pension scheme to which there is no commitment, the assets of which are held in a separately administered fund. Contributions to the pension scheme during the year amounted to £11,326 (2019 : £10,381)

19 Analysis of charitable funds

Analysis of fund movements:

	At 1 August 2019 £	Incoming resources £	Resources expended £	Gains (losses) £	Transfers £	At 31 July 2020 £
<i>Restricted Funds:</i>	-	-	-	-	-	-
<i>Unrestricted funds:</i>						
General fund	403,788	692,943	(694,643)	-	6,387	408,475
Designated fund	446,833	-	-	-	(6,387)	440,446
Total	850,621	692,943	(694,643)	-	-	848,921

The designated fund represents the revaluation reserve relating to the company's freehold land and buildings

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2020

20 Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	194,057	440,446	-	634,503
Investment in subsidiary company	2	-	-	2
Current assets	310,046	-	-	310,046
Current liabilities	(84,149)	-	-	(84,149)
Long Term liabilities	(11,481)	-	-	(11,481)
Net assets 31 July 2020	408,475	440,446	-	848,921

21 Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net movement in funds	(1,700)	140,096
Add back depreciation charge	22,687	22,927
Gain on disposal of tangible assets		(950)
Gain on revaluation of freehold property		(176,926)
Deduct interest income shown in investing activities	(10)	(371)
Decrease/(increase) in stock	-	-
Decrease/(increase) in debtors	22,654	30,327
Increase/(decrease) in creditors	(14,953)	12,028
Net cash used in operating activities	28,679	27,131