

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

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

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2021

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 2021

The trustees/directors of Oldham Engineering Group Training Association Limited (T/A OTC) present their fifty first annual report together with the financial statements for the year ended 31 July 2021. 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

<u>Charity number:</u>	526145
<u>Company number:</u>	979949
<u>Chief Executive:</u>	N Eglin
<u>Principal office:</u>	Lees Road, Oldham, OL4 1JP
<u>Auditors:</u>	Champion Accountants LLP. 2nd Floor Refuge House, 33-37 Watergate Row, Chester. CH1 2LE
<u>Bankers:</u>	Bardays Bank PLC, Oldham
<u>Trustees:</u>	Mr D Farrington (Chairman) Mrs A Lees (Vice Chair) Mrs C Duggan Mrs S Greaves Mr D Kinghorn Mr J Robinson

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2021 *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 2021 stood at 42 members (42 members at 31 July 2020).

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 12 staff (reduced from previous year) 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 2021 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

2020-2021 started and continued to see a stagnated level of Apprenticeship appetite by local and regional employers in line with similar independent training providers and indeed the wider economic situation resulting from the covid-19 pandemic. Brexit concerns continued to be felt along with a vast proportion of employers furloughing their workforce through the job retention scheme. 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 2021 and beyond in turn affecting the UK economy as a whole, especially engineering, manufacturing and service sectors. The continued reduction in the percentage of employer contribution at 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 continued to affect all further educational establishments throughout the whole duration of this financial year. Greater Manchester, which Oldham is within, saw the highest possible tiered restrictions enforced for at least 8 of the 12 trading financial months. This resulted in only having invited-only attendees to the centre, whether for Apprenticeship and/or commercial training courses. Employer and learner contact was substantially interrupted with employers prohibiting access to sites but virtual contact continued to ensure progression was reviewed and course disruption kept to a minimum. Welfare of learners and OTC staff continued to be a priority and as such OTC has 2 Mental Health first aiders to support as required. As a result of the restrictions, minimal numbers of new Apprenticeship starts were seen which affected this period of trade. These concerns were mirrored across similar independent training providers. OTC board of trustees kept abreast of ongoing concerns and developments through regular recorded reporting.

OTC continued to support employers, centre based, at employers premises and virtually in line with Covid-19 guidelines and changing restrictions created by Covid-19 which continued for the whole duration of this financial year. 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 2021 *continued...*

Financial Review

In what proved to be another challenging year, the financial statements show an operating profit of £58,419 (2020: operating loss of £1,700). The business faced a number of practical issues which led to a reduction in income especially when enforced Lockdown or high tiered restrictions affected attendees to the centre for apprenticeship and commercial training courses. A robust management system was in place to ensure critical only spend and running with minimum 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 and Brexit affected the further education and wider supporting economic sectors.

Looking forward, previously announced reforms and funding changes for the contract year 2019-2020 were delayed into 2021 due to Covid-19. All levy and non-levy employers now reserve funding through the DAS (Digital Account Service) as of April 2021, a process which was previously only in place for non-levy employers. This change should over time enable a smoother funding reservation process. OTC is ideally placed to continue support to small employers in adapting to the new system. 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 as the Bank of England base rate is currently 0.1%

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 £294,992 (2020: £214,416) which equates to approximately 5 months expenditure (2020: 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 2021 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.

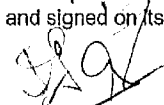
The trustees confirm that the financial statements comply with current statutory requirements, the requirements of the memorandum and articles of association and the requirements of the Charities SORP.

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 31st March 2022
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 2021 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 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 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the 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.

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

Extent to which the audit is considered capable of detecting irregularities, including fraud

The responsibility for the prevention and detection of irregularities, including fraud, lies with the trustees and with those charged with governance. The objectives of our audit in respect of irregularities and fraud are to assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient, appropriate audit evidence regarding the assessed risks and to respond appropriately to fraud or suspected fraud identified during the audit.

Audit procedures

We determine significant applicable laws and regulations through discussion with those charged with governance and our own knowledge of the industry and design audit procedures to help identify instances of non-compliance with those laws and regulations that may have a material effect on the financial statements.

We consider the applicable laws and regulations to be the financial reporting framework (FRS 102 and the Companies Act 2006), Charitable Law, the relevant Tax legislation in the UK, Employment Law, Safeguarding legislation, the Health and Safety at Work Act 1974 and the Further and Higher Education Act.

We consider the control environment and the procedures in place to address identified risks, including management override, non-compliance with laws and regulations and to prevent and detect fraud or irregularity. Our procedures are designed to provide reasonable assurance that the financial statements are free from material misstatement or error and include: enquiries of management and of staff in key compliance functions; review of reports from regulators; review of minutes of meetings of those charged with governance; review and testing of manual journals, relevant nominators and significant transactions outside the normal course of business; review of financial statement disclosures and testing to supporting documentation; performance of analytical procedures.

We are not responsible for preventing non-compliance and due to the inherent limitations of an audit, as described above, the audit cannot be relied upon to detect all instances of non-compliance with laws and regulations.

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: *6 April 2022*

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(Including income and expenditure account) : YEAR ENDED 31 JULY 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<u>Income and endowments from:</u>					
<i>Raising funds:</i>					
<i>Other trading activities:</i>					
Commercial trading operations	2	-	-	-	-
Other income and donations	3	30,611	-	30,611	27,668
<i>Investment income</i>					
	4	550	-	550	10
		31,161	-	31,161	27,678
<i>Charitable activities:</i>					
Training fees	5	567,773	-	567,773	665,265
Total income and endowments		598,934	-	598,934	692,943
<u>Expenditure on:</u>					
<i>Raising funds:</i>					
Commercial trading operations		-	-	-	-
<i>Charitable activities:</i>					
Training and governance costs		540,515	-	540,515	694,643
Total expenditure	6	540,515	-	540,515	694,643
Net income/(expenditure)		58,419	-	58,419	(1,700)
<i>Other recognised gains/(losses)</i>					
Gain on revaluation of freehold property	9	-	-	-	-
Net movement in funds		58,419	-	58,419	(1,700)
<i>Reconciliation of funds</i>					
Total funds brought forward		848,922	-	848,922	850,622
Total funds carried forward	20	907,340	-	907,340	848,922

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 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	11	612,348	634,503
Investment in subsidiary company	12	2	2
		<u>612,348</u>	<u>634,505</u>
CURRENT ASSETS			
Debtors and prepayments	13	101,993	94,162
Cash at bank and in hand		253,178	215,884
		<u>355,172</u>	<u>310,046</u>
CREDITORS:			
Amounts falling due within one year	14	(60,179)	(84,149)
NET CURRENT ASSETS (LIABILITIES)		<u>294,992</u>	<u>225,897</u>
CREDITORS:			
Amounts falling due over one year	15	-	11,481
NET ASSETS	20	<u>907,340</u>	<u>848,921</u>
FUNDS			
<i>Unrestricted funds:</i>			
Designated	19	434,058	440,446
General	19	473,282	408,475
TOTAL FUNDS	19	<u>907,340</u>	<u>848,921</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 31/03/2022, and signed on its behalf by:



..... Trustee/Director
D Farrington

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 2021

	<i>Note</i>	2021 £	2020 £
CASH USED IN OPERATING ACTIVITIES	21	45,461	28,679
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		550	10
Purchase of tangible fixed assets		(6,960)	(17,143)
Proceeds from sale of tangible fixed assets		12,830	-
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		6,419	(17,133)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowing		(14,586)	0
CASH USED IN FINANCING ACTIVITIES		(14,586)	0
Increase/(decrease) in cash and cash equivalents in the year		37,294	8,746
Cash and cash equivalents at the beginning of the year		215,884	207,138
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		253,178	215,884

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.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2021

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

During the year, the charity generated a profit, after gift aid from its subsidiary company, of £58,419 (2020: loss of £1,700). The charity has net assets of £907,340 (2020: net assets £848,922) and the trustees believe that there will be sufficient resources to enable both companies to continue to operate for the foreseeable future. Working capital at the end of the year was £295,509 (2020: £215,034) and has remained strong since the year end.

In deciding to adopt a going concern basis for preparing the accounts, the trustees have considered the ongoing significant impact that the global pandemic COVID-19 outbreak has had on the worldwide economy. The trustees are aware of the effects that this may subsequently have on the charity and during the year reviewed and adopted relevant operational strategies, including strategies to enable it to continue to deliver its service, in order to safeguard the charity for the ensuing 12 months.

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 2021

2 Commercial trading operations

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

Total 2021	Total 2020
£	£

3 Other income and donations

Members levies	1,125	1,525
Income from subsidiary company	29,486	19,486
Government grants	-	6,657
	<u>30,611</u>	<u>27,668</u>

4 Investment income

Bank deposit interest	550	10
	<u>550</u>	<u>10</u>

5 Incoming resources from charitable activities

Training fees receivable:

Government training fees	543,772	615,912
<u>less college training and registration fees</u>	<u>(20,800)</u>	<u>(22,712)</u>
	522,972	593,200
Other training fees	44,801	72,065
	<u>567,773</u>	<u>665,265</u>

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2021

6 Total resources expended

	Raising funds	Charitable activities		Total 2021 £	Total 2020 £
	£	Training £	Governance £		
Costs directly allocated to activities					
<i>Department:</i>					
Business Administration & Warehousing Training		11,954	-	11,954	20,424
Engineering Training		209,399	-	209,399	263,166
Marketing and Courses		45,999	-	45,999	52,193
-		267,352	-	267,352	335,783
Support costs					
Administration,Accounts, and Management		174,017	33,394	207,411	289,668
Premises Costs		46,349	-	46,349	49,057
Non-attributable VAT		19,403	-	19,403	20,135
-		239,768	33,394	273,163	358,860
Total expenditure					
-		507,121	33,394	540,515	694,643

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 2021

	Total 2021 £	Total 2020 £
7 <u>Staff costs</u>		
Total staff emoluments for the year were as follows:		
Salaries	337,480	456,027
National Insurance	34,734	40,875
Pension and life assurance	12,025	13,143
	<u>384,239</u>	<u>510,045</u>
<u>Less</u> recharged to OTC Consultancy Limited	(35,294)	(35,294)
	<u><u>348,945</u></u>	<u><u>474,751</u></u>

8 Staff numbers

The average monthly head count was 13 staff (2020: 21 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

	2021 Number	2020 Number
Charitable activities	12	20
Governance	1	1
	<u>13</u>	<u>21</u>

No employees had employee benefits in excess of £60,000 (2020: Nil).

9 Net movement in funds

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

Depreciation of tangible fixed assets	19,746	22,687
Loss (Profit) on disposal of fixed assets	(3,459)	-
Gain on revaluation of freehold property	-	-
Auditors' remuneration:		
audit of charitable company	6,650	6,325
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 2021

11 Tangible fixed assets

	Freehold Land and Buildings	Plant Machinery & Equipment	Motor Vehicles	Total
<u>Cost/valuation</u>				
At 1 August 2020	600,000	223,698	23,785	847,483
Additions	-	6,960	-	6,960
Disposals	-	-	(23,785)	(23,785)
At 31 July 2021	600,000	230,658	-	830,658
<u>Depreciation</u>				
At 1 August 2020	8,330	191,722	12,927	212,980
Charge for the period	8,330	9,930	1,487	19,746
Disposals	-	-	(14,414)	(14,414)
At 31 July 2021	16,660	201,652	0	218,312
<u>Net Book Value</u>				
At 31 July 2021	583,340	29,006	-	612,346
At 31 July 2020	591,670	31,976	10,857	634,503

The historical cost of freehold land and buildings included above at valuation was £242,500 (2020 : £242,500) and the aggregate depreciation thereon would have been £97,333 (2020 : £93,333).

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 2020	23,785
Additions	-
Disposals	(23,785)
At 31 July 2021	-
<u>Depreciation</u>	
At 1 August 2020	12,927
Charge for the period	1,487
Disposals	(14,414)
At 31 July 2021	-
<u>Net Book Value</u>	
At 31 July 2021	-
At 31 July 2020	10,857

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2021

	2021 £	2020 £
12 <u>Investment in subsidiary company</u>		
At cost	2	2
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 2021 the accumulated share capital and reserves of OTC Consultancy Limited amounted to £20,383 (2020 : £25,650).		
13 <u>Debtors and prepayments</u>		
Trade debtors	63,256	72,174
Amount due from subsidiary undertaking	27,043	12,096
Prepayments and accrued income	11,694	9,893
	<u>101,993</u>	<u>94,162</u>
14 <u>Creditors : amounts falling due within one year</u>		
Trade creditors	17,494	17,495
Taxation and social security costs	5,962	4,835
Hire purchase	-	3,105
Other creditors and accruals	23,474	35,795
Deferred income	13,249	22,919
	<u>60,179</u>	<u>84,149</u>
15 <u>Creditors : amounts falling due over one year</u>		
Hire purchase	-	11,481
	<u>-</u>	<u>11,481</u>
16 <u>Leasing agreements</u>		
Minimum lease payments fall due as follows:		
Net obligations repayable:		
Within one year	-	3,105
Between one and five years	-	11,481
	<u>-</u>	<u>14,586</u>

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2021

17 Related party transactions and transactions with directors

During the year the parent company received management charges and other income of £42,780 (2020 : £42,780) from the subsidiary company and was charged for services of £Nil (2020 : £Nil) by the subsidiary company O.T.C. Consultancy Limited.

The subsidiary company also paid net income of £22,000 (2020 : £12,000) to the parent company under a gift aid arrangement.

At 31 July 2021 OTC Consultancy Limited owed the parent company £27,043 (2020 : £12,096).

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 (2020 : £Nil), Concept Metal Products Limited £Nil (2020 : £Nil), Focus Education/Talking Point (UK) Limited £100 (2020 : £100) and Innovative Technology Limited £100 (2020 : £Nil). There were amounts owing to the company at the year end as follows: E Farrington & Co Limited £Nil (2020 : £Nil), Concept Metal Products Limited £1,560 (2020 : £1,560), Focus Education (UK) Limited £Nil (2020 : £Nil), and Innovative Technology Limited £Nil (2020 : £Nil).

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 £10,702 (2020 : £11,326)

19 Analysis of charitable funds

Analysis of fund movements:

	At 1 August 2020 £	Incoming resources £	Resources expended £	Gains (losses) £	Transfers £	At 31 July 2021 £
<i>Restricted Funds:</i>	-	-	-	-	-	-
<i>Unrestricted funds:</i>						
General fund	408,475	598,934	(540,515)	-	6,387	473,281
Designated fund	440,446	-	-	-	(6,387)	434,058
Total	848,921	598,934	(540,515)	-	-	907,339

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 2021

20 Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	178,288	434,058	-	612,346
Investment in subsidiary company	2	-	-	2
Current assets	355,172	-	-	355,172
Current liabilities	(60,179)	-	-	(60,179)
Long Term liabilities	0	-	-	0
Net assets 31 July 2021	<u>473,282</u>	<u>434,058</u>	<u>-</u>	<u>907,340</u>

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

	2021 £	2020 £
Net movement in funds	58,419	(1,700)
Add back depreciation charge	19,746	22,687
Gain on disposal of tangible assets	(3,459)	
Gain on revaluation of freehold property		
Deduct interest income shown in investing activities	(550)	(10)
Decrease/(increase) in stock	-	-
Decrease/(increase) in debtors	(7,831)	22,654
Increase/(decrease) in creditors	(20,865)	(14,953)
Net cash used in operating activities	<u>45,481</u>	<u>28,679</u>