

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

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

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2022

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

CONTENTS

	<u>Page No.</u>
Report of the Trustees / Directors	3 - 7
Report of the Auditors	8
Statement of Financial Activities	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Financial Statements	13-21

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2022

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 2022. 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

<u>Trustees:</u>	Mr D Farrington (Chairman)	
	Mrs A Lees (Vice Chair)	
	Mrs C Duggan	Resigned 02 March 2022
	Mrs S Greaves	
	Mr D Kinghorn	
	Mr J Robinson	
	Mr G Holt	Appointed 07 July 2022
	Mrs K Kinghorn	Appointed 07 July 2022

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2022 *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 2022 stood at 36 members (42 members at 31 July 2021).

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

Trustees have completed Governance Training on Safeguarding and do so in line with good practice every 3 years; one Board member holds the Designated Safeguarding Lead Level 3 Certificate (on behalf of OEGTA).

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 are employed with an additional 5 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 2022 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 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

2021-2022 continued to see a depressed level of apprenticeship starts. There has been a reported 4.1% reduction nationally in apprenticeship starts at qualification level 3 and below. This figure has been replicated at a local level with a reduction in school leavers applying for apprenticeship positions in engineering and business services. The decline in apprenticeship starts has been felt more acutely in small and medium size enterprises who have struggled to manage the increasing complexity of apprenticeships (the result of the significant reforms of the last five years), the increasing digitalisation of the National Apprenticeship Service, the requirement for 20 per cent off the job training and enhanced entry requirements. The shift to the new Apprenticeship Standards and the removal of longstanding recognisable qualifications associated with Apprenticeship Frameworks has added to the reluctance of some employers (and school leavers) to proceed. The decline in level 2 entry points, such as Business Administration Level 2, has affected the most disadvantaged quantile of apprentices and Oldham currently rated 19 out of 326 Boroughs with four areas which are among the top 1% of the nations most deprived areas. These factors impeded OTC's funding position.

Despite this backdrop, apprenticeship starts and completions have remained steady resulting in stable in-learning numbers. The focus was placed on supporting smaller cohorts of learners who fell behind with practical learning and assessment work which could not take place and was substantially delayed by the Covid restrictions. As a result the performance and achievement rates remained steady and fell within the acceptable funding bandwidth, as the economy and training providers recover from the effects of the pandemic.

This position has meant that the staffing numbers have remained relatively static during the last period although opportunities to develop internal expertise have been identified and invested in. A programme of staff development was identified and work will continue to upskill employees to meet the demands of the new apprenticeship standards. OTC continued to work closely with other independent training providers to help develop new standards and to share expertise and resources.

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

REPORT OF THE TRUSTEES/DIRECTORS FOR THE YEAR ENDED 31 JULY 2022 continued...

Financial Review

In what proved to be another challenging year, the financial statements show an operating profit of £90,245 (2021: operating profit of £58,419). Due to the ongoing situation, a robust management system remained in place to focus on essential spend and employee costs whilst continuing to invest, as appropriate, in resourcing the new Apprenticeship Standards particularly in relation to equipment, materials and staff skills to support new delivery models. In addition, it remained necessary to continue to utilise additional sector expertise which was also demanded by the external quality assurance requirements of the Awarding Organisations.

The introduction of the Digital Account Service has impacted on some employers – particularly small to medium enterprises. However, OTC staff are well placed to provide additional support to assist those employers who can proceed to employ apprenticeships. The expectations for investment in skills changes in line with confidence in the strength of the economy – both locally and nationally. This confidence has fluctuated in the past two years with the upheaval caused by the pandemic leading some businesses to appreciate that not only did they need to develop, they also require cost effective solutions to workforce development and the apprenticeship levy has a role to play in this respect. The Greater Manchester Combined Authority (GMCA) funded Apprenticeship Levy Matchmaking Service, which helps large companies to share funding with smaller businesses in Greater Manchester, is assisting some employers to meet apprenticeship training costs supported by a range of Government incentives. The role of financial incentives in causing employers to recruit more apprentices is relatively small with a best estimate of a net increase of 11% nationally in recruitment of apprentices. Nonetheless, the GMCA has committed to funding the service until 2023 and OTC continues to promote to interested employers.

The plans to develop, across the Oldham Borough, a Local Skills Improvement Plan is a significant initiative. OTC has been invited to participate in a cross-cutting strategic group which is aiming (once established) to conduct a review of post-16 provision to determine what more can be done to improve skills development within the Borough and encourage a greater take-up of apprenticeships (alongside other provision). The outcome is expected to be a new employment and skills strategy and Oldham Skills Plan. OTC senior managers are looking forward to OTC playing its part in this Borough wide initiative.

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 and continued investment into the excellent training facility and the support of all staff members will enable the charity to continue to offer engineering and business services 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 have been at a historically low level for a number of years.

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 £382,846 (2021: £294,992) which equates to approximately 8 months expenditure (2021: 6.5 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 2022 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 19th April 2023 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 2022 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 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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), Charity 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 nominal 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 Watgate Row
Chester
CH1 2LE

Date: 20 April 2023

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account) : YEAR ENDED 31 JULY 2022

	Note	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
<u>Income and endowments from:</u>					
<i>Raising funds:</i>					
<i>Other trading activities:</i>					
Commercial trading operations	2	-	-	-	-
Other income and donations	3	77,289	-	77,289	30,611
Investment income	4	117	-	117	550
		77,406	-	77,406	31,161
<i>Charitable activities:</i>					
Training fees	5	586,626	-	586,626	567,773
Total income and endowments		664,032	-	664,032	598,934
<u>Expenditure on:</u>					
<i>Raising funds:</i>					
<i>Commercial trading operations</i>					
		-	-	-	-
<i>Charitable activities:</i>					
Training and governance costs		573,787	-	573,787	540,515
Total expenditure	6	573,787	-	573,787	540,515
Net income/(expenditure)		90,245	-	90,245	58,419
Other recognised gains/(losses)					
Gain on revaluation of freehold property	9	-	-	-	-
Net movement in funds		90,245	-	90,245	58,419
<i>Reconciliation of funds</i>					
Total funds brought forward		907,340	-	907,340	848,921
Total funds carried forward	20	997,585	-	997,585	907,340

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 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	614,736	612,346
Investment in subsidiary company	12	2	2
		<u>614,738</u>	<u>612,348</u>
CURRENT ASSETS			
Debtors and prepayments	13	135,763	101,993
Cash at bank and in hand		325,147	253,178
		<u>460,910</u>	<u>355,172</u>
CREDITORS:			
Amounts falling due within one year	14	(78,063)	(60,179)
NET CURRENT ASSETS (LIABILITIES)		<u>382,846</u>	<u>294,992</u>
CREDITORS:			
Amounts falling due over one year	15	-	-
NET ASSETS	20	<u>997,585</u>	<u>907,340</u>
FUNDS			
<i>Unrestricted funds:</i>			
Designated	19	427,671	434,058
General	19	569,914	473,282
TOTAL FUNDS	19	<u>997,585</u>	<u>907,340</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 19.4.23 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 2022

	<i>Note</i>	2022 £	2021 £
CASH USED IN OPERATING ACTIVITIES	21	91,760	45,461
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		117	550
Purchase of tangible fixed assets		(19,908)	(6,960)
Proceeds from sale of tangible fixed assets		-	12,830
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(19,791)	6,419
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowing		-	(14,586)
CASH USED IN FINANCING ACTIVITIES		0	(14,586)
Increase/(decrease) in cash and cash equivalents in the year		71,969	37,294
Cash and cash equivalents at the beginning of the year		253,178	215,884
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		325,147	253,178

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

During the year, the charity generated a profit, after gift aid from its subsidiary company, of £90,245 (2021: profit of £58,419). The charity has net assets of £997,585 (2021: net assets £907,340) and the trustees believe that there will be sufficient resources to enable both companies to continue to operate for the foreseeable future. Working capital of the group at the end of the year was £383,511 (2021: £295,509) and has remained strong since the year end.

In deciding to adopt a going concern basis for preparing the accounts, the trustees have prepared forecasts which consider the current economic climate and are aware of the effects that this may subsequently have on the charity. The trustees have adopted relevant operational strategies in order to safeguard the business for the ensuing 12 months and have concluded that the charity continues to be a going concern.

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 2022

2 Commercial trading operations

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

3 Other income and donations

			Total 2022 £	Total 2021 £
Members levies	(197)	-	(197)	1,125
Income from subsidiary company	77,486	-	77,486	29,486
Government grants	-	-	-	-
	<u>77,289</u>	<u>-</u>	<u>77,289</u>	<u>30,611</u>

4 Investment income

Bank deposit interest	117	-	117	550
	<u>117</u>	<u>-</u>	<u>117</u>	<u>550</u>

5 Incoming resources from charitable activities

Training fees receivable:

Government training fees	560,028	-	560,028	543,772
<u>less college training and registration fees</u>	<u>(22,068)</u>	<u>-</u>	<u>(22,068)</u>	<u>(20,800)</u>
	537,961	-	537,961	522,972
Other training fees	48,665	-	48,665	44,801
	<u>586,626</u>	<u>-</u>	<u>586,626</u>	<u>567,773</u>

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2022

6 Total resources expended

	<u>Raising funds</u>	<u>Charitable activities</u>		Total 2022	Total 2021
	<u>£</u>	<u>Training</u>	<u>Governance</u>	<u>£</u>	<u>£</u>
Costs directly allocated to activities					
<i>Department:</i>					
Customer Service, Team Leading and Management Training		15,568	-	15,568	11,954
Engineering Training		233,414	-	233,414	209,399
Marketing and Courses		31,523	-	31,523	45,999
	-	280,506	-	280,506	267,352
Support costs					
Administration,Accounts, and Management		191,962	34,409	226,371	207,411
Premises Costs		46,348	-	46,348	46,349
Non-attributable VAT		20,562	-	20,562	19,403
	-	258,872	34,409	293,281	273,163
Total expenditure	-	539,377	34,409	573,787	540,515

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 2022

	Total 2022 £	Total 2021 £
7 Staff costs		
Total staff emoluments for the year were as follows:		
Salaries	376,206	337,480
National Insurance	29,451	34,734
Pension and life assurance	11,938	12,025
	417,595	384,239
<u>Less</u> recharged to OTC Consultancy Limited	(35,294)	(35,294)
	<u>382,301</u>	<u>348,945</u>

8 Staff numbers

The average monthly head count was 14 staff (2021: 13 staff) and the average monthly number of full-time equivalent employees (including part-time staff) during the year were as follows:

	2022 Number	2021 Number
Charitable activities	13	12
Governance	1	1
	<u>14</u>	<u>13</u>

No employees had employee benefits in excess of £60,000 (2021: Nil).

9 Net movement in funds

	2022 £	2021 £
Net movement in funds is arrived at after charging /(crediting):		
Depreciation of tangible fixed assets	17,518	19,746
Loss (Profit) on disposal of fixed assets	-	(3,459)
Gain on revaluation of freehold property	-	-
Auditors' remuneration:		
audit of charitable company	7,300	6,650
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 2022

11 Tangible fixed assets

	Freehold Land and Buildings	Plant Machinery & Equipment	Motor Vehicles	Total
<u>Cost/valuation</u>				
At 1 August 2021	600,000	230,658	-	830,658
Additions	14,873	5,034	-	19,908
Disposals	-	-	-	-
At 31 July 2022	614,873	235,693	-	850,566
<u>Depreciation</u>				
At 1 August 2021	16,660	201,652	-	218,312
Charge for the period	8,330	9,187	-	17,517
Disposals	-	-	-	-
At 31 July 2022	24,990	210,840	-	235,830
<u>Net Book Value</u>				
At 31 July 2022	589,883	24,853	-	614,736
At 31 July 2021	583,340	29,006	-	612,346

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.

The historical cost of freehold land and buildings included above at valuation was £242,500 (2021 : £242,500) and the aggregate depreciation thereon would have been £101,333 (2021 : £97,333).

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2022

	2022 £	2021 £
--	-----------	-----------

12 Investment in subsidiary company

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 2022 the accumulated share capital and reserves of OTC Consultancy Limited amounted to £15,365 (2021 : £20,383).

13 Debtors and prepayments

Trade debtors	41,202	63,256
Amount due from subsidiary undertaking	81,882	27,043
Prepayments and accrued income	12,679	11,694
	<u>135,763</u>	<u>101,993</u>

14 Creditors : amounts falling due within one year

Trade creditors	18,507	17,494
Taxation and social security costs	6,803	5,962
Hire purchase	-	-
Other creditors and accruals	29,877	23,474
Deferred income	22,877	13,249
	<u>78,063</u>	<u>60,179</u>

15 Creditors : amounts falling due over one year

Hire purchase	-	-
	<u>-</u>	<u>-</u>

16 Leasing agreements

Minimum lease payments fall due as follows:

Net obligations repayable:		
Within one year	-	-
Between one and five years	-	-
	<u>-</u>	<u>-</u>

OLDHAM ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS : YEAR ENDED 31 JULY 2022

17 Related party transactions and transactions with directors

During the year the parent company received management charges and other income of £42,780 (2021 : £42,780) from the subsidiary company and was charged for services of £Nil (2021 : £Nil) by the subsidiary company O.T.C. Consultancy Limited.

The subsidiary company also paid net income of £70,000 (2021 : £22,000) to the parent company under a gift aid arrangement.

At 31 July 2022 OTC Consultancy Limited owed the parent company £81,882 (2021 : £27,043).

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 (2021 : £Nil), Focus Education/Talking Point (UK) Limited £Nil (2021 : £100) and Innovative Technology Limited £Nil (2021 : £100). There were amounts owing to the company at the year end as follows: E Farrington & Co Limited £Nil (2021 : £Nil), Focus Education (UK) Limited £Nil (2021 : £Nil), and Innovative Technology Limited £Nil (2021 : £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 £10,761 (2021 : £10,702)

19 Analysis of charitable funds

Analysis of fund movements:

	At 1 August 2021 £	Incoming resources £	Resources expended £	Gains (losses) £	Transfers £	At 31 July 2022 £
<i>Restricted Funds:</i>	-	-	-	-	-	-
<i>Unrestricted funds:</i>						
General fund	473,281	664,032	(573,787)	-	6,387	569,913
Designated fund	434,058	-	-	-	(6,387)	427,671
Total	907,339	664,032	(573,787)	-	-	997,584

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 2022

20 Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	187,065	427,671	-	614,736
Investment in subsidiary company	2	-	-	2
Current assets	460,910	-	-	460,910
Current liabilities	(78,063)	-	-	(78,063)
Long Term liabilities	-	-	-	-
Net assets 31 July 2022	569,914	427,671	-	997,585

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

	2022 £	2021 £
Net movement in funds	90,245	58,419
Add back depreciation charge	17,518	19,746
Gain on disposal of tangible assets	-	(3,459)
Gain on revaluation of freehold property	-	-
Deduct interest income shown in investing activities	(117)	(550)
Decrease/(increase) in stock	-	-
Decrease/(increase) in debtors	(33,770)	(7,831)
Increase/(decrease) in creditors	17,884	(20,865)
Net cash used in operating activities	91,760	45,461