

Charity Registration No. 528635

Company Registration No. 00926888 (England and Wales)

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	E Sims	
	D Edwards	
	P Smith	
	D Bentley	
	I Raeside	
	M Jobson	
	A Sims	(Appointed 12 December 2019)
	L Stephenson	(Appointed 8 January 2020)
Secretary	P Smith	
Chief Executive Officer	P Williams	
Charity number	528635	
Company number	00926888	
Registered office	Hanley Technical Institute 151-153 Marsh Street North Hanley Stoke-on-Trent Staffs ST1 5HR	
Independent examiner	S J Archer FCA Geens Limited Chartered Accountants 68 Liverpool Road Stoke on Trent ST4 1BG	
Bankers	National Westminster Bank plc 1 Upper Market Square Hanley Stoke-on-Trent ST1 1NS	
Solicitors	Freeth Cartwright LLP Federation House Station Road Stoke on Trent ST4 2SA	

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

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NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their report and the financial statements and business plan for the year ended 31 August 2020. The trustees, who are also directors for the purposes of company law and who served during the year and up to the date of this report are set out in the Reference and Administrative Information.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charitable company's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The charitable company's objects and activities, which provide for a public benefit, are as follows:

To promote, organize and arrange the provision of training for persons employed or intended to be employed in the engineering industry and to provide support to employers.

This has been achieved in a number of ways over the last year in our apprenticeships and our enhanced apprenticeships, and in our advanced program of apprenticeships all of these showing a growth in numbers.

It has been achieved with increasing popularity in our sector based work academy (The ACE-Academy) that offers upskilling to the unemployed and those seeking engineering careers, the results of which show an overall progression to full time employment or training of approx. 72% of those who attend the academy and a 98% success rate of those who complete the training programme.

This upskilling of the unemployed means the demographic for the group has shifted over the last few years from only young people to a better mix of both Young and Older more mature members of the public looking to develop their skill set. We are also supportive to those with learning disability or a low educational level attainment where it has been shown they greatly benefit from the academy approach and we are proud of its achievements.

One other area for the Ace Academy also worth noting is that a good proportion of those attending being female which as a result means that more are going into engineering and full time employment which is pleasing.

Working closely with the job centre plus following investigation via questionnaires and consultation with members and local employment agencies we established those skill requirements that local engineering companies were finding it difficult to find. Those areas were identified as being welding and Computer numerical control operation. The ACE-Academy offers training in those two main areas of skill. which was decided along with the job Centre, these skill shortages have remained the same during 2019/20 and we believe will not change for the coming year.

The group has a growing network of establishments it works with and continues to be active in many of the steering groups and promotional activities for the sector with representation on many of the 'for public benefit action groups' those groups remain the advanced manufacturing group, the Staffordshire training provider's forum, Project schools and STEM development and the industrial advisory board.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Our continued investments, using any surplus gained year on year in the things we offer to the local community gives the group the ability to give advice and guidance to all sectors as we bring in industry and employment expertise to assist. We also have brought into the company experienced Education and Skills Funding expertise to ensure that there is fair and equal access to funding for training employees to members and associates so far as they are entitled and to play a pivotal role in the next stage of development for the group.

Again we have offered information in all forms to ensure we reach all areas of our demographic in the form of media releases information given with leaflets, e-mail bulletins and special arranged days at the group's centre, giving group presentations and face to face support during the changes.

The group continues to offer an advisory service to discuss training and training programs free to engineering sector companies. It offers a free recruitment and testing service to enable smaller companies to receive direct support. It has applied on behalf of the members and has given advice enabling them to receive an age grant and incentive payments, which are available to certain companies to boost and promote engineering apprenticeships to ensure that the skills required by our members for their employees are reviewed regularly in line with changing market needs, legislation and safety.

The group has carried out training needs analysis for members on request and sends information, advice and guidance on health and safety issues via its website, information days and newsletters. Feedback from the members has been good again this year. We are representing both employer and employees by raising awareness to the needs of them to our members within the engineering sector to local colleges, schools and institutions.

We continue to offer advice on career paths and apprenticeships at different levels and give taster sessions to school pupils on engineering activities, using the equipment purchased to help them understand engineering and the different roles better, this has gained special recognition from the Matrix standard for advice and guidance, with the group being represented on their website as examples of good practice.

The group has participated in career events at local schools and also been involved with a mentoring scheme designed to offer support to local schools, this service to local schools has been severely hampered by the school's closure due to corona virus and the group will be working closely to try to reduce the impact on the social wellbeing and career opportunities for the young people of stoke on Trent and the surrounding area once the reductions in social distancing have reduced.

It has offered and supported employer engagement through student apprenticeship programs and work experience. We also have supported the Job centre plus and their new initiative mentoring scheme, giving practical engineering sessions, improved interview techniques and enhanced CV writing support.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

The group's apprenticeship numbers have taken a significant hit due to the pandemic currently the numbers have reduced to 90 apprenticeships which is well below a sustainable number based on the group employee numbers and overall expenditure. Targets for next year will need to be significant growth in apprentice number if employee numbers are to remain the same.

Our support to members and other companies in meeting their obligations and legislative requirements in health and safety, has again being completed successfully and is subsidized by any surplus the group make, this has been very important due to the again the pandemic and the group launched its support pack for corona virus to all its members in early April and this has continued throughout.

Membership costs have remained static even though we have offered even more levels of support, and our membership numbers stay consistent.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our investments which influence future activities and believe we have accomplished this. We have made surplus monies over a number of years which have supported our continual investments designed to improve the chances for local people and support the needs of local engineering companies in line with our public benefit objectives.

This year on year continual investment made in technology and equipment, has given the group the ability to continue to improve what it does and reach out too many more people when representing the sector and we have exciting proposals for the future with a new interactive mobile engineering taster activities bus which has been delayed but still form part of our overall strategy to reach out and support local school with training.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charitable company should undertake.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and performance

NSEGTA report that our retention and achievement performance in apprenticeships again this year remains well above national averages.

We have taken on more staff once again who have been employed in brand new areas of delivery for the group in functional and employability skills.

The continued development of the sector based work academy (ACE Academy) which has seen continued significant investment with additional equipment continues to be very successful this year in helping to up skill local people, giving them a chance to achieve a career in engineering.

Apprentice numbers for successful completion topped over 50 this year at all levels, and the group helped over 78 young people to gain employment in the form of apprenticeships with local engineering companies. Contracts remain in place with PM Training we have also secured renewed contracts with Axia Solutions. A new contract is being agreed with Warrington & Vale Royal College.

The health and safety service shows that we are delivering health and safety support to more members and our training courses are still doing well, the group have been able to continue to offer a larger range of courses, all accredited by QCA and we continue to support companies with their health and safety obligations.

Accreditation with the Institute of Mechanical Engineers, the British Safety Council, the Institute of Occupational Safety and Health, the Matrix standard for advice and guidance, the awarding bodies for EAL, and the AoFA regulated health and safety national standard, have all been accredited to the group again this year. The group are playing an active role on the Industrial advisory board, the advanced manufacturing group, the Staffordshire providers group and Project schools and STEM development. Increased activity at career days and events has seen the group take a leading role, giving engineering and Apprenticeship training a boost locally. Again the group has also seen a small increase in its associate membership.

Financial review

Designated funds

To ensure that monies surplus are channelled to enhance the groups not for profit services NSEGTA has decided to have 3 areas which are now designated from surplus and its current assets.

•	£619,278	Fixed Assets (capital investment building and equipment)
•	£103,000	Staff Contingencies (redundancy payments etc.)
•	£180,000	Strategic Development Fund

These areas will be shown on the balance sheet and constitute a commitment to develop its charitable activities.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

The trustees have reviewed the reserves of the charity. Cash reserves are required to fund new service opportunities for members and cover the cost of potential repairs on the group's capital investment. The cash reserves of approximately £140,000 (after deducting certain fund designations) meet these requirements.

Investment powers, policy and performance

The trustees have considered the most appropriate policy for investing funds surplus to immediate needs. They have decided that this should be to maximize the return whilst minimizing the risk of loss of funds. Accordingly, funds are invested in bank deposit accounts and building society accounts. Higher risk investments are not permitted.

Financial performance

A surplus has been made this year, some of which has been invested in non-risk bonds and some reinvested in the group's assets throughout the year. The designation has been tailored in-line with any surplus made, to ensure maximum investment goes back into the group to help it meet and improve its services and charitable objectives.

The trustees have assessed the major risks to which the charitable company is exposed and are satisfied that systems are in place to mitigate exposure to those major risks.

Plans for the future

We will continue to offer low cost training for both on and off the job in our traditional areas. The health and safety services will continue to offer local companies subsidised support in that crucial area.

A strategic plan for the next few years has been developed which will require designated funds in preparation for the changes to apprenticeships and the transfer to apprenticeship standards.

The group are looking at developing its Ace academy to offer more places in more areas of engineering skills, therefore employing a specialist in training and the purchase of more equipment. Improved publications and stationery to complement the group's direction to include the new ACE-Academy arm of the organisation will be looked at.

We will be looking to invest into more equipment, larger equipment, and technologically up to date equipment so that we can support and give greater understanding of engineering in today's manufacturing arena.

The benefit of this will not be instantly felt by the group and it may be a few years to set up completely, but the development is designed to give increased support, more choice and more opportunities to those looking for an engineering career. It is also designed to appeal to more of a cross section of society and those who find themselves unemployed. It gives the group a more sustainable structure for its clients and employees and forms part of its longer term strategy to work closely with Job Centre Plus.

Therefore, a £180,000 designation of the group's cash reserves have been allocated to this.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2020**

Structure, governance and management **Governing document**

North Staffordshire Engineering Group Training Association Limited (NSEGTA) is a company limited by guarantee, and is a registered charity governed by its Memorandum and Articles of Association which were last amended in November 2001.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

E Sims

D Edwards

P Smith

D Bentley

I Raeside

M Jobson

A Sims

(Appointed 12 December 2019)

L Stephenson

(Appointed 8 January 2020)

Organisational structure

A board of trustees administers the charity. It endeavours to meet bi-monthly and at other times when required. It has power to appoint sub-committees consisting of not less than two trustees for the purposes of making inquiry into or supervising or performing any function or duty which in the opinion of the trustees would be more conveniently undertaken or carried out by a sub-committee provided that all acts and proceedings of any such sub-committees shall be fully and promptly reported to the trustees. A chief executive is appointed by the trustees to manage the day to day operations of the charity. The pay scales of senior staff are set by the trustees and are benchmarked against similar sized organisations operating in the area. Pay of individual members are reviewed annually and this review takes into account performance and any other additional responsibilities undertaken.

Difficulties this year with corona virus, has hindered meetings, but constant communication via reports / e-mails. have been used during this time.

The trustees' report was approved by the Board of Trustees.



D Edwards

Trustee

Dated: 14/10/2020

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

I report to the trustees on my examination of the financial statements of North Staffordshire Engineering Group Training Association Limited (the charitable company) for the year ended 31 August 2020.

Responsibilities and basis of report

As the trustees of the charitable company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charitable company's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

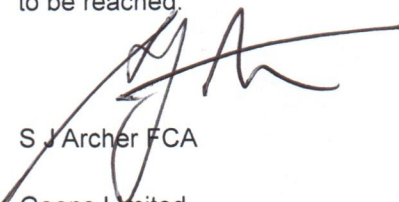
Independent examiner's statement

Since the charitable company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England & Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



S J Archer FCA

Geens Limited
Chartered Accountants
68 Liverpool Road
Stoke on Trent
ST4 1BG

Dated: 14 Oct 2020

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted funds	Designated funds	Total	Total
	Notes	2020 £	2020 £	2020 £	2019 £
<u>Income from:</u>					
Charitable activities	3	621,951	-	621,951	727,029
Investments	4	2,567	-	2,567	1,624
Total income		<u>624,518</u>	<u>-</u>	<u>624,518</u>	<u>728,653</u>
<u>Expenditure on:</u>					
Charitable activities	5	<u>534,635</u>	<u>48,375</u>	<u>583,010</u>	<u>522,614</u>
Net incoming resources before transfers		89,883	(48,375)	41,508	206,039
Gross transfers between funds		(118,818)	118,818	-	-
Net (expenditure)/income for the year/ Net movement in funds		<u>(28,935)</u>	<u>70,443</u>	<u>41,508</u>	<u>206,039</u>
Fund balances at 1 September 2019		174,520	831,835	1,006,355	800,316
Fund balances at 31 August 2020		<u>145,585</u>	<u>902,278</u>	<u>1,047,863</u>	<u>1,006,355</u>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	8		619,278		578,835
Current assets					
Debtors	9	47,459		110,850	
Cash at bank and in hand		422,709		339,641	
		<u>470,168</u>		<u>450,491</u>	
Creditors: amounts falling due within one year	11	<u>(15,743)</u>		<u>(13,570)</u>	
Net current assets			454,425		436,921
Total assets less current liabilities			1,073,703		1,015,756
Creditors: amounts falling due after more than one year	12		(25,840)		(9,401)
Net assets			<u>1,047,863</u>		<u>1,006,355</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	13	902,278		831,835	
General unrestricted funds		145,585		174,520	
		<u>1,047,863</u>		<u>1,006,355</u>	
		<u>1,047,863</u>		<u>1,006,355</u>	

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2020

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 August 2020.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 19/10/2020.



D Edwards
Trustee

Company Registration No. 00926888

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	18		143,519		231,142
Investing activities					
Purchase of tangible fixed assets		(80,947)		(55,120)	
Repayment of investment loans and receivables		(1,800)		-	
Interest received		2,567		1,624	
Net cash used in investing activities			(80,180)		(53,496)
Financing activities					
Payment of obligations under finance leases		19,729		(3,761)	
Net cash generated from/(used in) financing activities			19,729		(3,761)
Net increase in cash and cash equivalents			83,068		173,885
Cash and cash equivalents at beginning of year			339,641		165,756
Cash and cash equivalents at end of year			422,709		339,641

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

Charity information

North Staffordshire Engineering Group Training Association Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Hanley Technical Institute, 151-153 Marsh Street North, Hanley, Stoke-on-Trent, Staffs, ST1 5HR.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charitable company's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

Despite the coronavirus pandemic and, as explained more in note 16, at the time of approving the financial statements, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

1.4 Income

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

1.5 Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% p.a.
Fixtures, fittings & equipment	10% p.a. to 25% p.a. straight line
Motor vehicles	25% reducing balance

1.7 Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charitable company's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2020**

1 Accounting policies

(Continued)

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.13 Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of fixed assets, and note 1.5 for the useful economic lives for each class of assets.

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

3 Charitable activities

	Training and education 2020 £	Training and education 2019 £
Membership fees	28,634	30,581
Services to managing agents	324,091	358,441
Courses	47,007	71,909
Safety services	7,224	7,291
Enhanced apprenticeships	2,634	49,893
Ace Academy	212,361	208,414
Other Income	-	500
	<u>621,951</u>	<u>727,029</u>

4 Investments

	Unrestricted funds 2020 £	Unrestricted funds 2019 £
Interest receivable	<u>2,567</u>	<u>1,624</u>

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Charitable activities

	Training and education 2020 £	Training and education 2019 £
Staff costs	428,655	354,420
Depreciation and impairment	40,504	30,688
Course expenses (inc NSEG costs)	16,062	23,368
Rent, rates and insurance	10,508	9,212
Heat, light and water	4,235	3,476
Minor equipment, maintenance and premises expenses	9,552	8,377
Printing, stationery and telephone	9,375	9,931
Publicity (including website)	11,008	4,453
Motor and travelling expenses	7,568	10,414
Independent examiner's fees	1,750	1,750
Sundry expenses	7,998	9,138
EAL charges	15,378	14,542
Subscriptions and donations	3,604	4,773
Consultancy fees	-	7,060
Vehicle leasing	1,287	2,512
Irrecoverable VAT	8,074	9,862
Health and safety service expenses	704	1,716
Ace Academy expenses	5,444	6,285
Enhanced apprenticeships expenses	-	9,979
Hire purchase interest	1,304	658
	<u>583,010</u>	<u>522,614</u>
	<u><u>583,010</u></u>	<u><u>522,614</u></u>
Analysis by fund		
Unrestricted funds	534,635	490,051
Unrestricted funds - designated	48,375	32,563
	<u>583,010</u>	<u>522,614</u>
	<u><u>583,010</u></u>	<u><u>522,614</u></u>

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, and none of them were reimbursed any expenses (2019- none).

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

7 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
	14	12

Employment costs

	2020 £	2019 £
Wages and salaries	379,695	318,707
Social security costs	33,230	26,149
Other pension costs	15,730	9,564
	428,655	354,420

The total amount of employee benefits paid to its key management personnel, including the trustees, amounted to £59,627 (2019 £58,726).

There were no employees whose annual remuneration was £60,000 or more.

8 Tangible fixed assets

	Land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2019	479,210	164,198	19,392	662,800
Additions	4,074	46,749	30,124	80,947
At 31 August 2020	483,284	210,947	49,516	743,747
Depreciation and impairment				
At 1 September 2019	25,793	51,375	6,797	83,965
Depreciation charged in the year	6,691	26,629	7,184	40,504
At 31 August 2020	32,484	78,004	13,981	124,469
Carrying amount				
At 31 August 2020	450,800	132,943	35,535	619,278
At 31 August 2019	453,417	112,823	12,595	578,835

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

9 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	38,056	103,799
Other debtors	1,274	465
Prepayments and accrued income	8,129	6,586
	<u>47,459</u>	<u>110,850</u>

10 Finance lease commitments

Future minimum lease payments due under finance leases:

	2020 £	2019 £
Within one year	7,050	3,760
Within two and five years	25,840	9,401
	<u>32,890</u>	<u>13,161</u>

11 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	10	7,050	3,760
Trade creditors		5,188	7,980
Accruals and deferred income		3,505	1,830
		<u>15,743</u>	<u>13,570</u>

The hire purchase obligation is secured over the relevant asset included within motor vehicles.

12 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	10	<u>25,840</u>	<u>9,401</u>

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

13 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 September 2018 £	Resources expended £	Transfers £	Balance at 1 September 2019 £	Resources expended £	Transfers £	Balance at 31 August 2020 £
Fixed Assets	554,403	(30,688)	55,120	578,835	(40,504)	80,947	619,278
Staff Contingencie s	82,000	-	11,000	93,000	-	10,000	103,000
Strategic Development Fund	80,000	(1,875)	81,875	160,000	(7,871)	27,871	180,000
	<u>716,403</u>	<u>(32,563)</u>	<u>147,995</u>	<u>831,835</u>	<u>(48,375)</u>	<u>118,818</u>	<u>902,278</u>

Fixed Assets. This fund represents the net book value of the fixed assets held by the charity.

Staff Contingencies. This fund is to provide resources should the services of the charity be affected by sickness or other absence of staff or should the charity have to make staff redundant.

Strategic Development Fund. This is a fund set aside to ensure the charity's sustainability and ability to implement any possible rapid capital investment due to proposed changes in apprenticeship delivery. Changes coming in July 2020 as apprenticeship change from traditional frameworks to standards will influence delivery models for apprenticeships, these delivery models could have a significant impact on the charity. The charity will rely on its ability to react quickly to those changes if its current approach and its desire to work with local colleges does not bear fruit. A workshop and equipment required to deliver foundation units of engineering will be required, this will be at significant cost to the charity and must be accounted for and monies designated in preparation.

14 Analysis of net assets between funds

	Unrestricted funds 2020 £	Designated funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Designated funds 2019 £	Total 2019 £
Fund balances at 31 August 2020 are represented by:						
Tangible assets	-	619,278	619,278	-	578,835	578,835
Current assets/ (liabilities)	171,425	283,000	454,425	183,921	253,000	436,921
Long term liabilities	(25,840)	-	(25,840)	(9,401)	-	(9,401)
	<u>145,585</u>	<u>902,278</u>	<u>1,047,863</u>	<u>174,520</u>	<u>831,835</u>	<u>1,006,355</u>

15 Operating lease commitments

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

15 Operating lease commitments

(Continued)

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	588	2,103
Between two and five years	-	588
	<u>588</u>	<u>2,691</u>

16 Events after the reporting date

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continued to spread throughout the United Kingdom and throughout many parts of the World. In response to this outbreak the UK government had mandated nationwide social distancing measures restricting movement and assembly. The full extent of COVID19's effect on the charity's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, and the social distancing measures implemented to manage the pandemic. While the charity expects this matter to negatively impact on its operations, revenues, cash flows and financial position, at the time of signing these accounts the UK had eased some of its lockdown measures and the charity had returned to an operational position.

17 Related party transactions

There were no disclosable related party transactions during the year (2019 - none).

18 Cash generated from operations

	2020 £	2019 £
Surplus for the year	41,508	206,039
Adjustments for:		
Investment income recognised in statement of financial activities	(2,567)	(1,624)
Depreciation and impairment of tangible fixed assets	40,504	30,688
Movements in working capital:		
Decrease/(increase) in debtors	65,191	(5,021)
(Decrease)/increase in creditors	(1,117)	1,060
Cash generated from operations	<u>143,519</u>	<u>231,142</u>

NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Analysis of changes in net funds

	At 1 September 2019	Cash flows	At 31 August 2020
	£	£	£
Cash at bank and in hand	339,641	83,068	422,709
Obligations under finance leases	(13,161)	(19,729)	(32,890)
	<u>326,480</u>	<u>63,339</u>	<u>389,819</u>