

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 2018**



# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **REFERENCE AND ADMINISTRATIVE INFORMATION**

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<b>Trustees</b>	E Sims T Fryer D Edwards P Smith G Smith D Bentley I Raeside M Jobson
<b>Secretary</b>	D Edwards
<b>Charity number</b>	528635
<b>Company number</b>	00926888
<b>Registered office</b>	Hanley Technical Institute 151-153 Marsh Street North Hanley Stoke-on-Trent Staffs ST1 5HR
<b>Independent examiner</b>	S J Archer FCA Geens Limited Chartered Accountants 68 Liverpool Road Stoke on Trent ST4 1BG
<b>Bankers</b>	National Westminster Bank plc 1 Upper Market Square Hanley Stoke-on-Trent ST1 1NS
<b>Solicitors</b>	Freeth Cartwright LLP Federation House Station Road Stoke on Trent ST4 2SA

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# **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 2018**

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The trustees present their report and the financial statements and business plan for the year ended 31 August 2018. 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 accounts have been prepared in accordance with the accounting policies set out in note 1.1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, 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)" (as amended for accounting periods commencing from 1 January 2016)

### **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 and new for this year in our sector based work academy (The ACE-Academy) which has been developed to offer upskilling to the unemployed and those seeking engineering careers, although it was not specifically targeted we have seen this is now offering much more support to older more mature members of the public looking to develop their skill set following job loss or redundancy which is pleasing as the apprenticeship programs are in the main offering opportunities to younger people.

Working closely with the job centre plus we have established those skill requirements that local engineering companies are finding it difficult to find. Those areas have been identified as being welding and Computer numerical control operation.

The ACE-Academy offers training in these two main areas of skill and were decided via questionnaires and consultation with members and talking to local employment agencies along with the job Centre.

We can also identify and react quickly should those skill set requirements change and plan how to then deliver any new skill areas identified using ongoing reviews and consultation with our network.

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

Our enhanced apprenticeships program offering opportunities to those looking to develop a career in engineering mainly in the younger age range with a short 6/8 week course and specialized training, has again been very successful, and we have been approached to offer more opportunities due to the program's success by a leading national training provider.

# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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The scheme offers work experience with many of our members and associates. More importantly the group is proud to say that they have a conversion rate of this work experience via the enhanced apprenticeship program for our learners then moving onto full time employment with the company in over 90% of those taking part.

In the last 6 months our current cohort is showing 100% conversion to full time employment, this has meant the difference to as many as forty young people who without the program would not have gained employment or at the very least found it extremely difficult.

Our considerable investment, using surplus gained in 2015 — 2016, in the 'Control Centre' to represent and promote engineering has improved the group's ability to give advice and guidance to all sectors of the community, which we believe has impacted on the increase in apprenticeship numbers.

**To ensure that there is fair and equal access to funding for training employees to members and associates so far as they are entitled.**

Radical changes to the funding landscape in the year 2016-2017 means the group continues to give support helping companies to understand the changes after the apprenticeship levy introduction.

Again information in all forms has been 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.

**To oversee gainful and productive apprenticeship programs for both employer and employees by raising awareness to the needs of our members within the engineering sector to local colleges, schools and institutions.**

The group's investment in its 'Control Centre' has allowed it to be used by students and has been seen by many of the local FE colleges. Now better equipped to increase awareness about the engineering sector and to promote apprenticeships in engineering we are working with local schools to do this.

We will 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 them understand engineering and the different roles better, this has gained special recognition from the Matrix standard 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. It has offered and supported employer engagement through student apprenticeship programs and work experience and particularly our very successful enhanced apprenticeship program

# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)**

***FOR THE YEAR ENDED 31 AUGUST 2018***

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The group currently have over 180 apprenticeship programs being delivered which is 30% more than the year before and the most the group have ever had on its books.

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, we have significantly reduced the membership costs to reflect this, 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 for public benefit objectives.

These investments made in technology and equipment, has given the group the ability to continue to improve what it does and reach out to many more people when representing the sector.

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 (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Achievements and performance**

NSEGTA report a year of stability in most its areas of service. Its traditional apprenticeships are under development and new areas and additional types of training on offer as the group can now deliver complete apprenticeship frameworks. Its retention and achievement performance again this year remains well above national averages and more staff have been employed in brand new areas of delivery. The development of the sector based work academy (ACE Academy) is one area which has seen significant investment and is helping to up skill local people, giving them a chance to achieve a career in engineering.

The national apprentice of the year's awards had NSEGTA being seen as the leading provider with two of the groups apprentices shortlisted and the eventually winner Reece Poole a NSEGTA apprentice.

Apprentice numbers for successful completion topped over 40 this year at all levels, and the group helped over 76 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 are being agreed with Warrington & Vale Royal College. Our contract with Staffordshire University has now been concluded with a successful cohort of 5 high level 6 achievers, we look forward to working with them again.

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 channeled 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.

£554,403	Fixed Assets (capital investment building and equipment)
£ 82,000	Staff Contingencies (redundancy payments etc.)
£ 80,000	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 (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2018**

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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 £84,500 (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. There are two main areas; a Nationwide account which has instant access and is holding £40,500 and one twelve month fixed rate bond with Aldermore Bank holding £51,500 at 1.5%. A small sum of £1,300 is kept at the Leek United building society.

### **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. The group are looking at developing its academy to offer more places in more areas of engineering skills, therefore employing a specialist in training and the purchase of more equipment.

Resources will also be required to change adapt and improve our web site, publications and stationary to compliment the group's direction and to include the new ACE-Academy arm of the organisation.

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 £80,000 designation of the group's cash reserves have been allocated to this.

### **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:

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# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 AUGUST 2018**

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E Sims  
T Fryer  
D Edwards  
P Smith  
G Smith  
D Bentley  
I Raeside  
M Jobson

### **Recruitment and training of trustees**

The Trustees of NSEGTA Ltd are predominantly long serving Trustees. However, if new Trustees are appointed, their application is tabled to the existing Board of Trustees and discussed in great detail prior to being invited to join as a Trustee.

### **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.

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

D Edwards  
Trustee



Dated: 17 October 2018

# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **INDEPENDENT EXAMINER'S REPORT**

### **TO THE TRUSTEES OF NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

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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 2018.

#### **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: 17 October 2018

# NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted funds £	Designated funds £	Total 2018 £	Total 2017 £
<b><u>Income from:</u></b>					
Charitable activities	3	513,101	-	513,101	459,314
Investments	4	1,512	-	1,512	950
<b>Total income</b>		<b>514,613</b>	<b>-</b>	<b>514,613</b>	<b>460,264</b>
<b><u>Expenditure on:</u></b>					
Charitable activities	5	450,555	-	450,555	406,104
<b>Net incoming resources before transfers</b>		<b>64,058</b>	<b>-</b>	<b>64,058</b>	<b>54,160</b>
Gross transfers between funds		(108,531)	108,531	-	-
<b>Net (expenditure)/income for the year/ Net movement in funds</b>		<b>(44,473)</b>	<b>108,531</b>	<b>64,058</b>	<b>54,160</b>
Fund balances at 1 September 2017		128,386	607,872	736,258	682,098
<b>Fund balances at 31 August 2018</b>		<b>83,913</b>	<b>716,403</b>	<b>800,316</b>	<b>736,258</b>

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 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	8		554,403		452,872
<b>Current assets</b>					
Debtors	10	105,829		69,870	
Cash at bank and in hand		165,756		227,446	
		<u>271,585</u>		<u>297,316</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(12,511)</u>		<u>(13,930)</u>	
Net current assets			259,074		283,386
<b>Total assets less current liabilities</b>			<u>813,477</u>		<u>736,258</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(13,161)		-
<b>Net assets</b>			<u>800,316</u>		<u>736,258</u>
<b>Income funds</b>					
<u>Unrestricted funds</u>					
Designated funds	15	716,403		607,872	
General unrestricted funds		<u>83,913</u>		<u>128,386</u>	
			800,316		736,258
			<u>800,316</u>		<u>736,258</u>

# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 AUGUST 2018**

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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 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

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.

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

The accounts were approved by the Trustees on 17 October 2018

D Edwards  
Trustee



Company Registration No. 00926888

# NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	19		38,291		74,855
<b>Investing activities</b>					
Purchase of tangible fixed assets		(118,416)		(583)	
Interest received		1,512		950	
<b>Net cash (used in)/generated from investing activities</b>			(116,904)		367
<b>Financing activities</b>					
Payment of obligations under finance leases		16,923		-	
<b>Net cash generated from/(used in) financing activities</b>			16,923		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(61,690)		75,222
Cash and cash equivalents at beginning of year			227,446		152,224
<b>Cash and cash equivalents at end of year</b>			165,756		227,446

# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1 Accounting policies**

#### **Company 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**

These accounts have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. 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**

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 Incoming resources**

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.

#### **1.4 Resources expended**

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

#### **1.5 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.
Freehold land	Not depreciated
Fixtures, fittings & equipment	10% p.a. to 25% p.a. straight line
Motor vehicles	25% reducing balance

#### **1.6 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 2018

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 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.



# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **1 Accounting policies**

**(Continued)**

#### **1.8 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.

#### **1.9 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.

#### **1.10 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 2018

### 3 Charitable activities

	2018	2017
	£	£
Membership fees	31,645	30,975
Services to managing agents	304,627	315,912
Courses	69,673	99,250
Safety services	6,064	5,871
Assessments and other services	5,571	7,306
Enhanced apprenticeships	64,144	-
Ace Academy	31,377	-
	<u>513,101</u>	<u>459,314</u>

### 4 Investments

	2018	2017
	£	£
Interest receivable	<u>1,512</u>	<u>950</u>

# NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 5 Charitable activities

	2018 £	2017 £
Staff costs	310,528	266,968
Depreciation and impairment	16,884	14,341
Course expenses (inc NSEG costs)	28,728	36,714
Rent, rates and insurance	7,811	8,237
Heat, light and water	3,330	3,701
Minor equipment, maintenance and premises expenses	3,920	6,955
Printing, stationery and telephone	7,991	9,685
Publicity (including website)	468	1,825
Motor and travelling expenses	9,087	9,405
Independent examiner's fees	1,625	1,560
Sundry expenses	7,488	9,795
EAL charges	7,855	9,306
Subscriptions and donations	3,755	3,774
Consultancy fees	1,500	7,695
Vehicle leasing	8,380	9,348
Irrecoverable VAT	6,969	6,795
Health and safety service expenses	2,182	-
Ace Academy expenses	8,896	-
Enhanced apprenticeships expenses	12,829	-
Hire purchase interest	329	-
	<u>450,555</u>	<u>406,104</u>
<b>Analysis by fund</b>		
Unrestricted funds	<u>450,555</u>	
	<u>450,555</u>	
<b>For the year ended 31 August 2017</b>		
Unrestricted funds		<u>406,104</u>
		<u>406,104</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 (2017- none).

# **NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **7 Employees**

#### **Number of employees**

The average monthly number employees during the year was:

	<b>2018 Number</b>	<b>2017 Number</b>
	<b>11</b>	<b>11</b>
	<hr/>	<hr/>
<b>Employment costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	278,118	241,384
Social security costs	23,919	17,948
Other pension costs	8,491	7,636
	<hr/>	<hr/>
	<b>310,528</b>	<b>266,968</b>
	<hr/>	<hr/>

Included in the figure for wages and salaries above is a redundancy payment of £7,335.

The total amount of employee benefits paid to its key management personnel, including the trustees, amounted to £59,451 (2017 £53,456).

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

# NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2017	430,419	58,845	-	489,264
Additions	37,453	61,571	19,392	118,416
At 31 August 2018	467,872	120,416	19,392	607,680
<b>Depreciation and impairment</b>				
At 1 September 2017	13,499	23,306	-	36,805
Depreciation charged in the year	5,681	8,193	2,598	16,472
At 31 August 2018	19,180	31,499	2,598	53,277
<b>Carrying amount</b>				
At 31 August 2018	448,692	88,917	16,794	554,403
At 31 August 2017	416,920	35,952	-	452,872

### 9 Financial instruments

	2018	2017
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	98,779	62,582
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	25,672	11,154

### 10 Debtors

	2018	2017
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	98,604	62,582
Other debtors	839	-
Prepayments and accrued income	6,386	7,288
	105,829	69,870

# NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 11 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases		3,761	-
Other taxation and social security		-	2,776
Trade creditors		6,950	9,389
Accruals and deferred income		1,800	1,765
		<u>12,511</u>	<u>13,930</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	2018 £	2017 £
Obligations under finance leases		<u>13,161</u>	<u>-</u>

### 13 Retirement benefit schemes

#### Defined contribution schemes

The charitable company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charitable company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £8,491 (2017 - £7,636).

### 14 Company limited by guarantee

North Staffordshire Engineering Group Training Association Limited is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £10 to the assets of the charitable company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member.

# NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 15 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 2017	Movement in funds			Balance at 31 August 2018
	£	Incoming resources £	Resources expended £	Transfers £	£
Fixed Assets	452,872	-	-	101,531	554,403
Staff Contingencies	80,000	-	-	2,000	82,000
Minibus Fund	25,000	-	-	(25,000)	-
Strategic Development Fund	50,000	-	-	30,000	80,000
	<u>607,872</u>	<u>-</u>	<u>-</u>	<u>108,531</u>	<u>716,403</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.

Minibus Fund. This fund was established to enable the charity to reach out to more people about engineering, especially to the general public, schools and centres.

Strategic Development Fund. This is a fund set aside to implement a strategic plan to expand on the current delivery method for apprenticeships and health and safety, and to compliment the charity's direction.

### 16 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Total £
Fund balances at 31 August 2018 are represented by:			
Tangible assets	-	554,403	554,403
Current assets/(liabilities)	97,074	162,000	259,074
Long term liabilities	(13,161)	-	(13,161)
	<u>83,913</u>	<u>716,403</u>	<u>800,316</u>

# NORTH STAFFORDSHIRE ENGINEERING GROUP TRAINING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Operating lease commitments

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:

	2018 £	2017 £
Within one year	2,566	6,787
Between two and five years	2,348	10,266
	<u>4,914</u>	<u>17,053</u>

### 18 Related party transactions

There were no disclosable related party transactions during the year (2017 - none).

### 19 Cash generated from operations

	2018 £	2017 £
Surplus for the year	64,058	54,160
Adjustments for:		
Investment income recognised in statement of financial activities	(1,512)	(950)
Depreciation and impairment of tangible fixed assets	16,884	14,341
Movements in working capital:		
(Increase)/decrease in debtors	(35,959)	1,698
(Decrease)/increase in creditors	(5,180)	5,606
<b>Cash generated from operations</b>	<u><u>38,291</u></u>	<u><u>74,855</u></u>