

Company Registration Number 01273462
Charity Number 294222

NETA Training Trust
Company Limited by Guarantee
Financial Statements
31st July 2017



NETA Training Trust
Company Limited by Guarantee
Financial Statements
Year Ended 31st July 2017

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NETA Training Trust
Company Limited by Guarantee
Report of the trustees for the year ending 31 July 2017

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 July 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The charity is a company limited by guarantee (incorporated 17 August 1976) and as such is governed by its memorandum and articles of association, last revised January 2007. It is registered as a charity with the Charity Commission in England, number 294222.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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 2015).

Chair's report

Our purposes and activities

Our main activities, and who we try to help, are described below. All our charitable activities focus on the provision of training courses and are undertaken to further our charitable purposes for the public benefit.

The objectives of the charity are to promote and advance adequate training of persons employed or intending to be employed in industry and commerce and to extend such training to members of the public.

Achievements and performance

NETA Training Trust continued to provide training programmes in the following areas:

- Engineering – pipefitting, joint integrity, fabrication & welding, mechanical fitting, machining, steel erecting, rigging and lifting, electrical, electronic, instrumentation & control, project control and design
- Gas – commercial and domestic
- Scaffolding
- Health and Safety
- Manufacturing
- Transport/ADR/FLT
- Warehouse and distribution
- Management
- Trainer training
- 14-16 schools provision
- Post 16 learner responsive provision
- Customer services

The 2016-17 apprentices intake at NETA was 25 engineering and 40 scaffolding learners. 2017 apprentice success rates are very good, with an overall achievement rate of 90.8%, 17% points above the Sector Subject Area NR national average, and the timely achievement rate was 83.1% again higher than national average.

NETA continues to work with Conyers School to deliver pre and post 16 work.

NETA continued to engage with a significant number of commercial organisations and clients, with over 2900 commercial delegates during 2016-17.

Financial Review

Reserves Policy

The nature of the charitable group's activities are such that a large proportion of the reserves are represented by fixed assets used in the provision of training services, including freehold property.

The charitable group's usual policy has been to retain sufficient other reserves in form of working capital to manage its activities. Due to the cyclical nature of these activities, liquid funds held as part of working capital can vary significantly from one date to another and need to be sufficient to enable the charity to provide training when income may not cover operating costs. The charitable group's policy is not to retain reserves beyond the amount necessary to carry out its activities.

Reserves were £511k in deficit at the balance sheet date. It is the Trust's intention to hold positive reserves and as a result of recent restructuring plans being implemented, strategic objectives being met and with Stockton Riverside College's support the Trustees consider that this is achievable in the short to medium term.

Principal funding sources

The principal funding sources available to the charitable group are government funding contracts, contract delivery to schools and colleges, and full cost delivery to employers.

Incoming resources policy and objectives

The trustees are satisfied with the range of income streams and that the charitable group is not reliant on a single source of income.

NETA has worked with the DWP and an employer to provide skill specific training which resulted in considerable employment opportunities.

The full cost income obtained from employers is still sporadic and extremely difficult to forecast. The level of income from month to month can vary dramatically and the continuing challenge for NETA is to be able to flex its resources to meet changing demand. NETA is also aware of several issues which may impact on future government funding:

- Limited opportunity of growth in adult education, although funding declines have – temporarily - stabilised
- An increasing role for the Combined Authority in determining skills funding
- Changes to Apprenticeship funding and the introduction of the Apprenticeship Levy
- Planned changes to technical education resulting from the Sainsbury Review and the Post 16 Skills Plan

NETA is working with Stockton Riverside College and in conjunction with key stakeholders in developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect this marketplace though the full implications are not yet known as government policy continues to develop.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring NETA is rigorous in delivering high quality education and training
- Via the College, considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Delivering government funded training provision in partnership with the College
- Ensuring NETA is focused on those priority sectors which will continue to benefit from public funding

Plans for future periods

The region has been impacted by the redundancies caused by the collapse of the steel industry and its supply chain. Furthermore, the oil and gas industry has experienced a downturn in their economies with a forecast 'lower for longer' oil price affecting investment into new projects and training of new hire and existing sector employees, so the recruitment to apprenticeships will face stern challenges, though the government continues to target growth in apprenticeships and NETA continues to work closely with its employers to meet their needs in this area.

New contracts with key employers have been secured to deliver skills training and assessment. Furthermore, identification of new business opportunities have been identified in emerging markets such as Renewables (Wind Energy), Mining (York Potash) and Rail (HS2) which has the potential to grow both the Government Funded and Commercial Departments over the medium to long term.

Capital funding from the Local Growth Fund has been secured by the College to further support the development of the NETA business.

NETA's strategic priorities as agreed by the Board for 2016-17 were:

- 1. Increase post 16 full time offer to include routes into:**
 - University OR Higher level apprenticeship (BTEC Level 3)
 - Apprenticeship (BTEC Level 3 plus PEO Level 2)
 - Route- way to apprenticeship from level 2 base (Level 2 PEO and VRQ)
- 2. Grow apprenticeship training at level 3 and above**
 - Level 3 apprenticeships across a range of engineering and scaffolding disciplines
 - Development of Higher level apprenticeships (especially in Project control, design etc.
- 3. Develop a comprehensive and expanded commercial offer to meet the needs of the local and regional industries.**
 - Oil & Gas
 - Construction
 - Engineering
 - Domestic and Industrial Electrical
 - Health and Safety
 - Onshore/Offshore Wind
 - Other areas to explore
- 4. Expand the partnership in the delivery of pre 16 engineering programmes and other school provision.**
 - Conyers School
 - Other schools – to be identified
- 5. Investigate international market opportunities**
 - Middle East
 - Europe
 - Asia Pacific
 - West and East Africa

NETA Training Trust
Company Limited by Guarantee
Report of the trustees for the year ending 31 July 2017

Reference and Administrative Details

Company Registration Number: 01273462
Charity Number: 294222
Registered office: Pennine Ave North Tees Ind Est., Portrack Lane,
Stockton on Tees, Cleveland, TS18 2RJ

Our advisers

Auditor RSM UK Audit LLP
1 St James' Gate
Newcastle Upon Tyne
NE1 4AD

Bankers

National Westminster Bank plc
Tees Valley Commercial Officer
69 The Green
Norton
Stockton on Tees
TS20 1DT

Solicitors

Endeavour Partnership
Westminster
St Marks Court
Teesdale Business Park
Stockton on Tees
TS17 6QP

NETA Training Trust
Company Limited by Guarantee
Report of the trustees for the year ending 31 July 2017

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year-end were as follows:

Key management personnel NETA Training Trust: Trustees' and Directors:

J C Hornby
R W McCallion
S Cossins
P M Cook
J D Faulkner

Secretary: F Sharp

Structure, Governance and Management

Governing Document

The charity is controlled by its governing document, the memorandum and articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

Trustees are appointed in accordance with procedures set out in the Articles of Association.

Induction and training of new trustees

Trustees are encouraged to attend appropriate external training courses.

Organisational Structures

Stockton Riverside College is the sole member of NETA.

The NETA board of trustees meets termly to administer the charity. A salaried managing director is appointed by the member to manage the day to day operations of the charity. To facilitate effective operations the Managing Director has delegated authority, within terms of delegation approved by the member, for operational matters including finance, employment and performance related activity. A new Managing Director, with significant industry and training provider experience, was appointed in August 2017.

Related parties

Stockton Riverside College is the sole member of NETA Training Trust. The charity's trustees are drawn from the College and industries active in the North East area

Risk Management

The trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to such risks. The trustees continue to monitor risk closely and the principal risks facing the charity are:

- Financial sustainability
- Maintenance of high quality provision
- The expansion of full cost commercial training provision in current market conditions
- Failure to adapt to changes to apprenticeship funding and the introduction of the apprenticeship levy
- The embedding of new management and direction for NETA

The charity has robust governance and has in place strategic planning processes in Business Planning (BP) and Performance Review (PR) systems. The BP/PR system has enabled precise and pre-emptive financial management and quality monitoring to drive the charity forward to achieve its aims.

Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on the advancement of education.

NETA Training Trust was founded by a group of industrialists in North East England who wished to ensure that their apprentices were given the very best start to their careers by providing them with first rate training. Since those early days our organisation has grown and developed, but the underlying principle of providing the highest quality training still remains true. Historically, and continuing to the present day, training courses organised by NETA are available to all members of the community who wish to partake of them.

Volunteers

The charity does not benefit from the use of volunteers

Pay policy for senior staff

Guided by the Trustees and the senior management at the College, the Managing Director of NETA and the management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 12 to the accounts.

The pay of the senior staff is a fixed salary assessed in accordance with market rates. The pay is reviewed annually and any increase in pay will be in accordance with any percentage increase implemented by its parent, Stockton Riverside College.

Trustees' Responsibilities Statement

The charity trustees (who are also the directors of NETA Training Trust for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to 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 the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

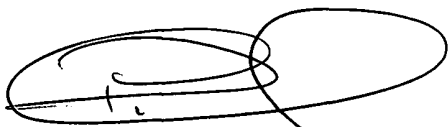
Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

NETA Training Trust
Company Limited by Guarantee
Report of the trustees for the year ending 31 July 2017

Signed on behalf of the trustees

A handwritten signature in black ink, consisting of a large, loopy 'C' followed by 'M' and 'Cook'.

P M Cook
Trustee

Date: 16 March 2018

NETA Training Trust
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Independent Auditor's Report to the Members of NETA Training Trust
Year Ended 31st July 2017

Opinion

We have audited the financial statements of NETA Training Trust Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, 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 FRS 102 "The Financial 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 group's and the parent charitable company's affairs as at 31 July 2017 and of the group's 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 and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a

NETA Training Trust
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Independent Auditor's Report to the Members of NETA Training Trust
Year Ended 31st July 2017

period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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 material 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.

Opinions on other matters 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 prepared for the purpose of company law 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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; or

NETA Training Trust
Company Limited by Guarantee
Independent Auditor's Report to the Members of NETA Training Trust
Year Ended 31st July 2017

- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

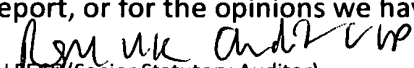
Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's 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.


CLAIRE LEECE (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD
Date 29 March 2018

NETA Training Trust
Company Limited by Guarantee
Consolidated Statement of Financial Activities (including the consolidated income and expenditure account)
For the year ending 31st July 2017

	Note	Total Funds 2017 £	Total Funds 2016 £
INCOME			
<i>Income from charitable activities:</i>			
Operation of training provision	2	2,313,445	3,793,894
Other income	3	75,084	-
TOTAL INCOME		2,388,529	3,793,894
EXPENDITURE			
<i>Expenditure on charitable activities:</i>			
Operation of training provision		(2,742,797)	(3,971,651)
EXPENDITURE BEFORE GAINS/(LOSS)		(2,742,797)	(3,971,651)
TOTAL EXPENDITURE	4	(2,742,797)	(3,971,651)
NET EXPENDITURE AND NET MOVEMENT IN FUNDS FOR THE YEAR		(354,268)	(177,757)
RECONCILIATION OF FUNDS			
Total funds brought forward	23	(156,532)	21,225
TOTAL FUNDS CARRIED FORWARD		(510,800)	(156,532)

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities. All funds are unrestricted.

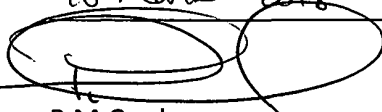
The notes on pages 19 to 37 form part of these financial statements

NETA Training Trust
Company Limited by Guarantee
Company Registration Number: 01273462
Consolidated Balance Sheet
31st July 2017

		2017		2016	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	13		794,091		1,190,154
CURRENT ASSETS					
Stocks	15	12,078		67,702	
Debtors	16	228,795		329,478	
Cash at bank and in hand		47,378		40,639	
		<u>288,251</u>		<u>437,819</u>	
CREDITORS: amounts falling due within one year	17	<u>(481,435)</u>		<u>(601,874)</u>	
NET CURRENT LIABILITIES			<u>(193,183)</u>		<u>(164,055)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			600,908		1,026,099
CREDITORS: amount falling due after more than one year	18		<u>(1,111,708)</u>		<u>(1,182,631)</u>
Government grants	19		-		-
			<u>(510,800)</u>		<u>(156,532)</u>
FUNDS					
Unrestricted income funds	23		<u>(510,800)</u>		<u>(156,532)</u>
TOTAL FUNDS			<u>(510,800)</u>		<u>(156,532)</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. The Charity has taken exemption from preparing its unconsolidated statement of financial activities under Section 408 of the Companies Act 2006. The total incoming resources for the year amounted to £2,388,529 and net movements in funds was a deficit of £354,268.

These financial statements were approved by the members of the committee on the 16 March 2018 and are signed on their behalf by:

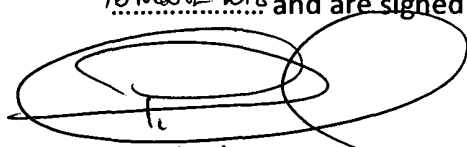

P M Cook
Trustee

The notes on pages 19 to 37 form part of these financial statements

NETA Training Trust
Company Limited by Guarantee
Company Registration Number 01273462
Charity Balance Sheet
31st July 2017

		2017		2016	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	13		794,091		936,061
Investments	14		-		447,632
			<u>794,091</u>		<u>1,383,693</u>
CURRENT ASSETS					
Stocks	15	12,078		67,702	
Debtors	16	229,779		338,276	
Cash at bank and in hand		<u>46,394</u>		<u>29,883</u>	
		288,251		435,861	
CREDITORS: Amounts falling due within one year	17	<u>(481,434)</u>		<u>(599,916)</u>	
NET CURRENT LIABILITIES			<u>(193,183)</u>		<u>(164,055)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			600,908		1,219,638
CREDITORS: Amounts falling due after more than one year	18		(1,111,708)		(1,376,170)
GOVERNMENT GRANTS	19		-		-
NET ASSETS			<u>(510,800)</u>		<u>(156,532)</u>
FUNDS					
Unrestricted income funds			<u>(510,800)</u>		<u>(156,532)</u>
			<u>(510,800)</u>		<u>(156,532)</u>
TOTAL FUNDS					

These financial statements were approved by the members of the committee on the 16 March 2018 and are signed on their behalf by:



P M Cook
Trustee

The notes on pages 19 to 37 form part of these financial statements

NETA Training Trust
Company Limited by Guarantee
Consolidated statement of cash flows
For the year ending 31st July 2017

	Note	2017	2016
		£	£
Cash generated from/(used in) operating activities:	30	<u>(261,967)</u>	<u>90,253</u>
Cash flows from investing activities:			
Payments to acquire tangible fixed assets			-
Proceeds from sale of asset		356,928	
Cash used in investing activities		<u>356,928</u>	<u>-</u>
Cash flows from financing activities:			
Repayment of hire purchase creditor		(17,300)	(23,721)
Repayment of other borrowings		(70,923)	(70,923)
Cash used in financing activities		<u>(88,223)</u>	<u>(94,644)</u>
 Increase/(decrease) in cash and cash equivalents in the year		 6,738	 (4,391)
Cash and cash equivalents at the beginning of the year		40,640	45,031
 Total cash and cash equivalents at the end of the year		 <u>47,378</u>	 <u>40,640</u>

The notes on pages 19 to 37 form part of these financial statements

1. Accounting policies

NETA Training Trust is a charitable company limited by guarantee incorporated in England. The address of its principal place of business is given on page 6 and the nature of its operations is set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of Preparation

The financial statements of the charity have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Charities Act 2011 and the Companies Act 2006.

NETA Training Trust meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the financial currency of the charity. Monetary amounts in these financial statements are rounded to the nearest whole £1.

Going concern

After securing additional working capital and undergoing a significant cost cutting exercise, the Board of Trustees considers the charity to have sufficient working capital available to continue as a going concern for the foreseeable future, with the foreseeable future being defined as the period of 12 months from the date of approval of these financial statements.

1. Accounting policies (continued)

Consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary undertaking, NETA Enterprises Limited, on a line by line basis. All financial statements are made up to 31 July 2017 and consistent accounting policies are used. EMTA Cleveland Training Limited was placed into liquidation during the year and NETA Training Consultancy Limited was dissolved in August 2017.

A separate Statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Incoming resources

All incoming resources are accounted for when the charity has entitlement to the funds, certainty of receipt and the amount is measurable. Where income is received in advance of performance, or other specified service, it is deferred until the charity is entitled to that income.

Government grants

Grants receivable in respect of capital expenditure are treated as deferred income which is credited to the statement of financial activities by instalments over the estimated useful life of the assets concerned on a basis consistent with the depreciation policy.

Grants of a revenue nature are included in the statement of financial activities in the period in which entitlement, certainty and measurable criteria are met.

Charitable activities

Charitable activities represent expenditure associated with the provision of training courses and educational programmes and include both direct and support costs relating to those activities.

Governance costs

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when funds are raised for particular restricted purposes.

1. Accounting policies (continued)

Resources expended

Expenditure is accounted for on an accrual basis and has been classified under the headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Expenditure includes value added tax which cannot be fully reclaimed.

Fixed assets

All fixed assets are initially recorded at cost. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- New building	60 years
- Refurbishments	10 years
- Fixtures and fittings	10 years
- Furniture and general equipment	7 years
- Major IT systems	7 years
- Vehicles and plant	5 years
- Computer and ILT equipment	3 years
- Software	3 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1. Accounting policies (continued)

Investments

In the separate accounts of the charity, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in income and expenditure. In the consolidated accounts fixed asset investments held in the form of shares or securities are included at mid-market value at the balance sheet date.

Realised gains and losses on investments are calculated as difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the SoFA in the year of disposal. Unrealised gains and losses represent the movement in the market values during the year and are credited to the statement or charged to the SoFA based on market value at the year end.

Short term investments are deposits held in fixed term bank accounts on which penalties would be incurred if funds were withdrawn before maturity.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102, in full to all of its financial instruments.

All of the charities financial assets and financial liabilities qualify as basic financial instruments. Basic Financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Financial assets: Trade and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

1. Accounting policies (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities: Trade and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not resolved at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities on a straight line basis.

Sale and leaseback

A sale and leaseback transaction is one where a vendor sells an asset and immediately reacquires the use of that asset by entering into a lease with the buyer. When this occurs the proceeds are credited to a liability account, demonstrating the commercial substance of the transaction, which is reduced by the capital element of future payments and interest is charged to the SOFA on a straight line basis.

1. Accounting policies (continued)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the statement of financial activities.

Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

In categorising leases as finance leases or operating leases, management makes judgments as to whether significant risks and rewards of ownership have transferred to the charity as lessees, or the lessee, where the charity is lessor.

2. Income from charitable activities

	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Training courses	2,313,447	2,313,447	3,793,894

3. Other income

	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Gain on disposal of property	75,084	75,084	-

4. Costs of charitable activities – by fund type

	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Training courses	2,742,797	2,742,797	3,971,651

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5. Costs of charitable activities – by activity

	Staff costs	Support costs	Governance costs	Total Funds 2017	Total Funds 2016
	£	£	£	£	£
Training courses	1,246,115	1,491,082	5,600	2,667,713	3,971,651

6. Analysis of support costs

	Total Funds 2017	Total Funds 2016
	£	£
Other staff non-teaching costs	38,041	183,700
Agency staff costs	506,404	279,402
Premises expenses	207,423	235,509
Vehicle costs	11,092	32,857
Teaching costs	356,017	429,550
Non-teaching costs	190,126	627,450
Depreciation	114,217	224,730
Interest costs	67,423	66,577
Other recharges	339	5,160
	1,491,082	2,084,935

7. Governance costs

Governance costs relate to audit and accountancy fees of £5,600 and staff costs of £nil (2016: audit and accountancy £16,689 and staff costs of £nil).

8. Net Outgoing Resources for the Year

This is stated after charging:

	2017	2016
	£	£
Interest payable on finance leases	67,423	66,577
Depreciation – owned assets	74,980	194,262
Depreciation – assets held on hire purchase	39,241	30,468
Auditors' remuneration:		
-audit of the financial statements	5,600	16,689

9. Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

NETA Training Trust
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Notes to the Financial Statements
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10. Surplus of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the statement of financial activities of the parent company is not presented as part of these financial statements. The parent's deficit for the year was £354,268 (2016: Deficit £179,870).

11. Staff Costs and Remuneration

Total staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,091,627	1,590,952
Social security costs	85,596	159,697
Other pension costs	68,892	119,378
	<u>1,246,115</u>	<u>1,870,027</u>

Total contributions to money purchase pension schemes for staff earning over £60,000 per annum were £nil (2016: £15,000).

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2017	2016
	No	No
Delivery staff	27	45
Support staff	14	19
	<u>41</u>	<u>64</u>

The number of employees whose remuneration for the year fell within the following bands, were:

	2017	2016
	No.	No.
£60,000 to £69,999	<u>0</u>	<u>1</u>

Key management personnel

The key management personnel of the group are the Trustees of the Trust and the chief executive. The total employee benefits of the key management personnel of the group were £nil (2016: £77,631).

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The key management personnel of the charity comprise the Trustees and the chief executive.

12. Trustees' Remuneration

Trustees' expenses

No trustee has received a salary and none received any expenses in respect of the year ended 31st July 2017 (2016: £nil)

13. Tangible Fixed Assets

Group	Freehold property £	Leasehold property £	Motor vehicles £	Equipment £	Total £
COST					
At 1 August 2016	944,542	1,129,614	-	524,010	2,598,166
Additions			-		
Disposals	(924,865)	(12,513)	-		(937,378)
At 31 July 2017	19,677	1,117,101	-	524,010	1,660,788
DEPRECIATION					
At 1 August 2016	653,938	437,680	-	316,393	1,408,011
Charge for the year	1,808	39,241	-	73,170	114,219
On disposals	(643,366)	(12,167)	-		(655,533)
At 31 July 2017	12,380	464,754	-	389,563	866,697
NET BOOK VALUE					
At 31 July 2017	7,297	652,347	-	134,447	794,091
At 31 July 2016	290,604	691,934	-	207,617	1,190,154

Hire Purchase Agreements

Included within the net book value of £794,091 is £11,456 (2016 - £98,375) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £1,541 (2016 - £30,468).

Sale and finance leasebacks

Included within the net book value of £794,091 is £640,891 (2016 - £678,591) relating to assets held under sale and finance leasebacks. The depreciation charged to the accounts in the year in respect of such assets amounted to £37,700 (2016 - £37,700).

NETA Training Trust
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13. Tangible Fixed Assets (*continued*)

Company	Freehold property £	Leasehold Property £	Motor vehicles £	Equipment £	Total £
COST					
At 1 August 2016	109,307	1,129,614	-	524,010	1,762,931
Additions			-		
Disposals	(89,630)	(12,513)	-		(102,143)
At 31 July 2017	19,677	1,117,101	-	524,010	1,660,788
DEPRECIATION					
At 1 August 2016	72,796	437,680	-	316,393	826,869
Charge for the year	1,808	39,241	-	73,170	114,219
On disposals	(62,224)	(12,167)	-		(74,391)
At 31 July 2017	12,380	467,754		389,563	866,697
NET BOOK VALUE					
At 31 July 2017	7,296	652,347	-	134,449	794,091
At 31 July 2016	36,511	691,934	-	207,617	936,060

Hire Purchase Agreement

Included within the net book value of £794,091 is £11,456 (2016 - £98,375) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,541 (2016 - £30,468).

Sale and finance leasebacks

Included within the net book value of £794,091 is £640,891 (2016 - £678,591) relating to assets held under sale and finance leasebacks. The depreciation charged to the accounts in the year in respect of such assets amounted to £37,700 (2016 - £37,700).

NETA Training Trust
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Year Ended 31st July 2017

14. Investments

Company	Group companies £
COST	
At 01 st August 2016 and 31 st July 2017	<u>613,211</u>
Depreciation	165,579
Disposal	<u>447,632</u>
As at 31 st July 2017	0
NET BOOK VALUE	
At 31st July 2017	<u>0</u>
At 31 st July 2016	<u>447,632</u>

Analysis of investments at 31 July 2017 between funds

	Total Funds 2017 £	Total Funds 2016 £
Unrestricted funds		
Group undertakings	0	447,632

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

	Country of registration and operation	Holding	Proportion of voting rights held	Nature of business
Subsidiary Undertakings:				
NETA Enterprises Limited (CRN: 02448095)	England	Ordinary Shares	100%	Training services

The activities of the subsidiaries have been consolidated on a line by line basis in the SOFA.

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Notes to the Financial Statements
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14. Investments (*continued*)

NETA Enterprises Limited

The trading results of the subsidiary, as extracted from the audited financial statements, are summarised as follows:

	2017 £	2016 £
Turnover	-	453,127
Total expenditure	-	(456,836)
Net gain/loss for the year	-	(3,709)

The assets and liabilities of NETA Enterprises Limited were:

Assets	(82,246)	39,544
Liabilities	-	(123,906)
Net liabilities	(82,246)	(84,362)

15. Stocks

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Stock	12,078	67,702	12,078	67,702

16. Debtors

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade Debtors	175,312	258,954	170,558	230,165
Amounts owed by group undertakings	-	-	5,738	37,587
Other debtors	53,483	70,524	53,483	70,524
	228,795	329,478	229,779	338,276

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Notes to the Financial Statements
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17. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	123,791	167,808	123,791	167,850
Hire purchase agreements	-	17,300	-	17,300
Other taxation and social security	15,027	50,228	15,027	50,228
Other creditors	255,708	204,042	255,708	202,042
Accruals and deferred income	86,908	162,497	86,908	162,497
Amounts owed to group undertaking	-	-	-	-
	481,434	601,875	481,434	599,917

Included in other creditors is £70,923 (2016: £70,923) which relates to a sale and finance leaseback.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other creditors	-	-	-	-
Hire purchase agreements	-	17,300	-	17,300
	-	17,300	-	17,300

18. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts owed to group undertakings	-	-	-	193,539
Other creditors	1,111,708	1,182,631	1,111,708	1,182,631
Hire purchase agreements	-	-	-	-
	1,111,708	1,182,631	1,111,708	1,376,170

Included in other creditors is £1,111,708 (2016: £1,182,631) which relates to a sale and finance leaseback.

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19. Government Grants

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Received and receivable:				
At 1 st August	1,139,672	1,723,969	1,139,672	1,723,969
At 31 st July	1,139,672	1,723,969	1,139,672	1,723,969
Amortisation:				
At 1 st August	1,139,672	1,723,969	1,139,672	1,723,969
Credit to profit and loss account	-	-	-	-
At 31 st July	1,139,672	1,723,969	1,139,672	1,723,969
 Net balance at 31 st July	 -	 -	 -	 -

20. Pension Commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pensions cost charge represents contributions payable by the company to the fund and amounted to £68,892 (2016: £119,379). Contributions totalling £4,656 (2016: £12,287) were outstanding at the balance sheet date and are included in creditors.

NETA Training Trust
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Notes to the Financial Statements
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21. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	2017	2016
	£	£
Amounts payable within 1 year	-	20,647
Amounts payable between 2 to 5 years	-	-
	-	20,647
Less interest and finance charges relating to future periods	-	(3,347)
	-	17,300

22. Commitments under Operating Leases

At 31 July 2017 the company had annual commitments under non-cancellable operating leases as set out below:

Group and company:

	2017		2016	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	32,768	-	14,780
Within 2 to 5 years	-	4,658	-	10,620
After more than 5 years	-	-	-	-
	-	37,426	-	25,400

23. Unrestricted income funds

	At 1 August 2016	Incoming resources	Outgoing resources	Balance at 31 July 2017
	£	£	£	£
General Funds - 2017	(156,532)	2,388,529	(2,742,797)	(510,800)

	At 1 August 2015	Incoming resources	Outgoing resources	Balance at 31 July 2016
General funds - 2016	21,225	3,793,894	(3,971,651)	(156,532)

NETA Training Trust
Company Limited by Guarantee
Notes to the Financial Statements
Year Ended 31st July 2017

24. Analysis of Net Assets between funds

Group		
	2017	2016
	£	£
Tangible fixed assets	794,091	1,190,154
Net current assets/(liabilities)	(193,183)	(162,055)
Long term liabilities	(1,111,708)	(1,182,631)
	(510,800)	(154,532)
Company		
	2017	2016
	£	£
Tangible fixed assets	794,091	936,061
Investments	-	447,632
Net current assets/(liabilities)	(193,183)	(164,055)
Long term liabilities	(1,111,708)	(1,376,170)
	(510,800)	(156,532)

25. Commitments under sale and finance leasebacks

Group and company

Future commitments under a sale and finance leaseback are as follows:

	2017	2016
	£	£
Amounts payable within 1 year	70,923	70,923
Amounts payable between 2 to 5 years	283,694	283,694
Amounts payable after 5 years	828,014	898,937
	1,182,631	1,253,554

26. Capital Commitments

There were no capital commitments outstanding at the year-end (2016: £nil).

27. Company Limited by Guarantee

The Trust is a company limited by guarantee and has no share capital. The liability of each member in the event of a winding-up is limited to an amount not exceeding £20.

28. Ultimate Controlling Party

In the Trustees' opinion the company's immediate parent is Stockton Riverside College. Stockton Riverside College is the smallest and largest entity for which consolidated accounts including NETA Training Trust is prepared. The consolidated financial statements of Stockton Riverside College are available from its website.

In the opinion of the trustees, as sole member of the charity Stockton Riverside College are the ultimate controlling party of the company.

29. Post Balance Sheet Event

There are no post balance sheet events to report

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

	2017	2016
	£	£
Net movement in funds	(354,268)	(177,757)
Add back depreciation charge	114,219	224,730
(Profit) /Loss on disposal of fixed assets	(75,084)	8,748
Decrease (increase) in stock	55,624	(1)
Decrease (increase) in debtors	100,683	148,479
Increase (decrease) in creditors	(103,141)	(113,946)
	<u>(261,967)</u>	<u>90,253</u>

31. Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Financial assets measured at amortised cost	<u>228,795</u>	<u>329,478</u>

	2017	2016
	£	£
Carrying amount of financial liabilities		
Financial assets measured at amortised cost	<u>466,408</u>	<u>551,647</u>

32. Related party transactions

The company has taken advantage of the exemption under FRS 102 not to disclose transactions with its subsidiaries.