

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Trustees' Report and Financial Statements**  
**for the year ended 31 August 2019**

**Company No. 971293**

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Company Information**

<b>CHIEF EXECUTIVE</b>	Mrs J Gough
<b>TRUSTEES</b>	T Millard G E Mason C J Savage A J Thornton J A Bonnett (resigned 09.04.2019) G Ranger TJ White
<b>SECRETARY</b>	R W Heighington
<b>REGISTERED OFFICE</b>	First Avenue Millbrook Trading Estate SOUTHAMPTON Hampshire SO15 0LJ
<b>COMPANY NUMBER</b>	971293
<b>CHARITY NUMBER</b>	307299
<b>AUDITORS</b>	David Gamblin Limited Chartered Accountants 71 The Hundred ROMSEY Hampshire SO51 8BZ
<b>BANKERS</b>	National Westminster Bank plc 12 High Street Southampton Hampshire SO14 2NX

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
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**Contents**

	<b><u>Page</u></b>
Trustees' Annual and Strategic Report	1 - 8
Auditors' Report	9 -12
Statement of Financial Activities	13
Balance Sheet	14 -15
Cash Flow Statement	16 -17
Notes to the Financial Statements	18 -25
 The following pages do not form part of the statutory accounts:	
Detailed Income and Expenditure Account	26 -29

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**  
**Company No. 971293 (England and Wales)**

**Trustees' Report**  
**for the year ended 31 August 2019**

The trustees present their report and the financial statements for the year ended 31 August 2019.

**Statement of trustees' responsibilities in respect of the accounts**

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of disclosure of information to auditors**

The trustees of the company who held office at the date of approval of this annual report confirm that:

- So far as they are aware, there is no relevant audit information, information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware; and
- They have taken all the steps they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.



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**Trustees' Report**  
**for the year ended 31 August 2019**

**Trustees**

Members of the Council of Trustees are also directors of the company.

**Senior Management Team**

Managing Director:	Julie Gough
Operations Director:	Michael Driscoll
Head of Apprenticeships:	Keith Warwick
Quality and Compliance Manager:	Peter Hurlstone
Company Secretary:	Richard Heighington

**Bankers**

National Westminster Bank plc, 64 Above Bar Street, Southampton, SO14 7DS

**Principal Activity**

The principal activity of the association continued to be the advancement of theoretical and practical training of persons engaged or to be engaged in the engineering industry, together with provision of group training for the staff of member companies.

Assistance is provided to members of the general public to identify and secure training opportunities on Government funded apprenticeship programmes in engineering.

The company is registered with the Charity Commission, number 307299.

The trading address and registered office for the charity are: -

First Avenue, Millbrook Trading Estate, Southampton, Hampshire. SO15 0LJ

**Governing Instrument**

The company is a private limited company and is governed by, and restricted in operation by, the terms of its Memorandum and Articles of Association, dated 28<sup>th</sup> January 1970.

**Appointment to the Council of Trustees**

Invitations are extended to senior managers and directors representing member companies. In addition, invitations to serve as Honorary Trustees (without voting rights) are extended to associates with relevant experience which will complement and add diversity to the Council. The company, having no share capital, is run by the Council of Trustees and no individual is able to exercise control of the company.

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**Trustees' Report**  
**for the year ended 31 August 2019**

**Induction and Training of Trustees**

Potential Trustees are invited to become involved with the company and learn more about the contribution they can make. A formal explanation of responsibilities is provided before an appointment is confirmed.

At the date of this report, the charity trustees are: -

T Millard  
GE Mason  
C J Savage  
A J Thornton  
TJ White  
G Ranger

**Organisational Structure**

Day to day management of the company is under control of the Managing Director, Julie Gough, who acts in accordance with the instructions of the Council of Trustees/Board of Directors.

There are three principal areas of operation:

- 1) Delivery of Engineering Apprenticeships
- 2) Commercial training
- 3) Competency assessment

All activities including support services, finance, personnel, IT, marketing, compliance, health & safety and membership are managed through the senior management team. Sub-contractors are retained on annual contracts to provide specialist support in the areas of IT and Personnel Management

Remuneration for key management personnel is governed by limits set by the Trustees and senior management team. Performance is assessed by the senior management team.

The charity operates a defined contribution pension scheme open to all staff. The charity currently contributes 10% of gross salary to the scheme for each qualifying staff member after the completion of 12 months continuous service and 8% for shorter service periods.

**Strategic Information**

**Risk Management**

Procedures and systems have been put in place to ensure that critical IT data is backed-up and stored to facilitate reinstatement. These procedures are compliant with the General Data Protection Requirements (GDPR) legislation and the system for recording student details is audited by the Provider Financial Assurance Team operating on behalf of the Education and Skills Funding Agency (ESFA).

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**Company No. 971293 (England and Wales)**

**Trustees' Report**  
**for the year ended 31 August 2019**

**Risk Management – continued**

A major Government reform of apprenticeship funding is in the second year of full operation and had a continuing negative impact on income received from apprenticeships. Although overall funding levels have not been reduced by the introduction of an apprenticeship levy, cashflow now occurs evenly throughout the three year period of a typical engineering apprenticeship. Previously, employers were directly charged for on the job training delivered in the first year of the programme, providing a substantial cash flow benefit. Consequently, under the new system, it will take a further year before previous income levels are reestablished. Revenue available for apprentice training fell by approximately £300,000 in the first year following introduction of the changes. In this, the second year since introduction, apprenticeship revenue has increased by £150,000, as forecast, and is projected to increase by a further £150,000 in the third year following introduction of the reforms (2019/20). This will re-establish income to previous levels and remove the operational trading deficit. Accordingly, an overdraft facility has been retained with the bank.

A further effect of the changes has been a delay in securing a contract from the ESFA to deliver apprenticeships for smaller, non-levy paying employers. This contract is not expected to be available until April 2020 and alternative arrangements have been made which allows employers affected by this delay to register apprentices through a sub-contract from another training provider, PETA.

Principal financial risks are:

1. Retaining a listing in the ESFA Register of Training Organisations. Registration is mandatory for organisations delivering apprenticeships and is highly dependent on maintaining a minimum grade 2, 'good' assessment by Ofsted. Reassessment is normally carried out on a four-year cycle and is expected in November 2020.
2. Contract arrangements with the ESFA are dependent on achieving a satisfactory financial health assessment and this will require achieving break-even financial performance as a minimum in the 2019/20 financial year.
3. Any further delay in arranging a contract to release funding for apprentices employed by small non-levy paying employers will further frustrate many committed apprenticeship programmes.
4. Demand for COMPEX courses already represents approximately 16% of total sales and several opportunities to further increase volumes are being pursued. This will require additional training and assessment staff to be sourced to support this growth.

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**Trustees' Report**  
**for the year ended 31 August 2019**

Principal financial risks are (*continued*):

5. Completion of an apprenticeship is achieved by successful assessment of competency by an approved independent contractor. Current shortages in assessment capacity may delay completion of apprenticeships causing a negative impact on financial performance and OFSTED assessment rating.

**Business Objectives**

Our aim is to be the first choice for local employers requiring training services for the development of their engineering staff. By offering a combination of workshop and teaching facilities, matching the requirements of local industry together with excellent customer service we have established a loyal customer base and a high level of repeat orders. Referrals by satisfied customers frequently introduce new customers and, consequently, income is not dependant on a large expenditure on sales and marketing.

SETA is positioned to provide specialist training services to the engineering and engineering construction sectors and strives to offer a comprehensive technical training service. New courses are introduced and existing courses are revised in response to employer requests.

We are committed to delivering apprenticeships and supporting young people to enter engineering. Vacancies are advertised on behalf of employers and applications are regularly oversubscribed by a factor of 5. Advice and guidance is offered to students applying for positions and throughout their training programmes.

Maintaining the safeguarding and wellbeing of all learners and staff is particularly important and is under constant review.

We aim to provide a supportive working environment where the contribution of our employees is valued, creativity encouraged, equality and diversity is respected and equal opportunity is promoted.

**Public Benefit**

The objectives and activities undertaken by the charity are confirmed to be for public benefit and the Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

During the year, 173 apprenticeships were provided and, of these, 100 were aged between 16 and 18 years of age, 60 were between 19 and 23 years of age and 13 were aged over 24 years. Overall 74% of candidates successfully completed their apprenticeships with 67% achieving within the planned timescale. These rates are higher than average national achievement levels for the engineering sector.

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**Trustees' Report**  
**for the year ended 31 August 2019**

**Performance**

The results for the year and the financial position of the association are shown in the annexed accounts. These show a deficit for the financial year which the Trustees recommend be added to reserves.

In accordance with the requirements of the Charity Commission a revaluation was carried out on the leasehold premises used as an apprentice training centre in 2016. The building was erected in 1969 and has a floor area of 1950 sq m. It is occupied under an 84 year lease which expires 28/03/2054 leaving an unexpired term of 34 years. The estimated fair value of the lease is still included at a valuation of £335,000, less depreciation. The fair value reserve of £98791 can only be released by disposal of the apprentice training centre.

Overall sales revenues increased by £200207 (11% ) compared with the previous year due to increased commercial sales and reduction in the effect of delayed timing of payments for apprenticeships.

Safeguarding has continued to be an area of continuous improvement and no issues were reported in the year.

The charity currently does not participate in any direct or funded fundraising. However, donations are made by employers and suppliers; these are mostly plant and equipment.

**Investments**

The investment portfolio was cashed in during 2018. There are currently no investments held.

**Results and Dividends**

Results for the year are shown in the Statement of Financial Activities and the Balance Sheet. No dividends are paid by the company which is limited by guarantee and has no share capital.

**Fixed Assets**

The principal fixed asset is the long lease for the premises at 1<sup>st</sup> Avenue and the market value was re-assessed in 2016.

**Principal Funding Source**

The principal source of funding arises from commercial income with funding from apprenticeships from employers and government, representing 47% of income.

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**Trustees' Report**  
**for the year ended 31 August 2019**

**Reserves Policy**

The current level of unrestricted reserves is valued at £65493 which represents 8% of annual costs; the objective set by the board is for this to be increased to £1,000,000 representing 50% of annual costs.

The Board of Trustees has considered the adequacy of total reserves held by the company and is of the opinion that they are adequate for the furtherance of the charity's objectives. The reserves policy is to:

- Protect the charity from the risk of insolvency or serious disruption to its charitable work.
- Provide sufficient funds to invest in equipment and services for the benefit of young people and adults undertaking training.

**Future Plans**

The major reform of apprenticeships is presenting a significant challenge to ensure that activity levels and income are sustained through the transition.

Introduction of changes in the funding process caused some employers to delay recruitment for the 2018/19 academic year. However, registrations for 2019/20 are expected to increase significantly as employers become familiar with the revised funding process.

SETA's long experience and reputation for excellent workshop training is a significant advantage when delivering the new standards and an increased requirement for mandatory end-point competency assessment is creating new opportunities for SETA services.

**Going Concern**

The Association operates on a daily basis using a combination of bank facilities, credit card borrowing and credit from suppliers.

The Trustees have a reasonable expectation that the company has adequate reserves to continue in operation for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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**Trustees' Report**  
**for the year ended 31 August 2019**

**Auditors**

The auditors, DAVID GAMBLIN, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

The accounts have been prepared in accordance with the special provisions relating to companies subject to the small company regime within Part 15 of the Companies Act 2006.

This report was approved by the Trustees on 13 January 2020, and signed on their behalf.

R Heighington  
**Secretary**

Date:

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
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**Independent auditors' report to the members of**  
**Southampton Engineering Training Association Limited**  
**Year Ended 31 August 2019**

We have audited the financial statements of Southampton Engineering Training Association Limited for the year ended 31 August 2019 on pages 13 to 25, which comprise the Profit and Loss Account, Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their presentation is applicable law, and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice), including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAS (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.



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**Independent auditors' report to the members of**  
**Southampton Engineering Training Association Limited**  
**Year Ended 31 August 2019**

**Material uncertainty relating to going concern**

We draw attention to note 1.9 in the financial statements, which indicates that the company incurred a net loss of £92817 during the year ended 31 August 2019, and as of that date the company has a general fund balance of £65493. As stated in note 1.9, these conditions indicate that a matter of uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:-

- the information given in the Trustees' Report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
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**Independent auditors' report to the members of**  
**Southampton Engineering Training Association Limited**  
**Year Ended 31 August 2019**

**Matters on which we are required to report by exception**

In the light of knowledge and understanding of the company and its environment, obtained in the course of our audit, we have not identified material misstatements in the strategic report and the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you, if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records or returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement set out on page 1, 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 company's ability to continue as a going concern, disclosing such matters related to going concern and using the going concern basis of accounting, unless the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of 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 decision of users taken on the basis of the financial statements.

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
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**Independent auditors' report to the members of**  
**Southampton Engineering Training Association Limited**  
**Year Ended 31 August 2019**

**Auditors' responsibilities for the audit of financial statements – *continued***

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of our report**

This report is made solely to the 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 company's members those matters that we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, or the opinions we have formed.

**DAVID GAMBLIN (senior statutory auditor)**  
For and on behalf of  
David Gamblin Limited Accountants and Statutory Auditor

71 The Hundred  
ROMSEY  
Hampshire SO51 8BZ



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26/2/2020 Dated

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
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**Statement of Financial Activities**  
**for the year ended 31 August 2019**

	Notes	<u>2019</u> <u>Unrestricted funds</u>	<u>2018</u> <u>Total funds</u>
<b>Income and endowments from:</b>			
- Donations and legacies		£ 23797	£ 950
- Charitable activities		1017733	891869
- Other trading activities		907189	851530
- Investment income		4	14
- Other		7787	11940
		<hr/>	<hr/>
<b>Total</b>	2	1956510	1756303
		<hr/>	<hr/>
<b>Expenditure on:</b>			
- Raising funds		-	-
- Charitable activities		2021406	1963154
- Other		27921	21288
		<hr/>	<hr/>
<b>Total</b>	3	2049327	1984442
		<hr/>	<hr/>
Net (loss)/gain on investments		-	( 91)
		<hr/>	<hr/>
Net (expenditure)/income	4	(92817)	(228230)
Other transfers and gains/(losses)		-	-
		<hr/>	<hr/>
Net movement in funds		(92817)	(228230)
<b>Reconciliation of funds</b>			
Total funds brought forward		257101	485331
		<hr/>	<hr/>
Total funds carried forward		164284	257101
		<hr/>	<hr/>

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
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**Company No. 971293 (England and Wales)**

**Balance Sheet as at 31 August 2019**

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
<b>Fixed assets</b>			
Tangible assets	6	£ 395183	£ 414632
Investments	7	-	-
		<hr/>	<hr/>
<b>Total fixed assets</b>		395183	414632
<b>Current assets</b>			
Debtors	8	149816	180211
Cash at bank and in hand		1643	1834
		<hr/>	<hr/>
<b>Total current assets</b>		151459	182045
		<hr/>	<hr/>
<b>Creditors:</b> amounts falling due within one year	9	(379039)	(332129)
		<hr/>	<hr/>
<b>Net current (liabilities)/assets</b>		(227580)	(150084)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		167603	264548
		<hr/>	<hr/>
<b>Creditors:</b> amounts falling due after one year	10	3319	7447
		<hr/>	<hr/>
Provisions for liabilities and charges		-	-
		<hr/>	<hr/>
		(3319)	(7447)
		<hr/>	<hr/>
<b>Net assets</b>		£ 164284	£ 257101
		<hr/>	<hr/>
<b>The funds of the Charity</b>			
Unrestricted: General fund	17 (a)	£ 65493	£ 155368
Fair value reserve	17 (b)	98791	101733
		<hr/>	<hr/>
<b>Total Charity funds</b>		£ 164284	£ 257101
		<hr/>	<hr/>

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**Company No. 971293 (England and Wales)**

**Balance Sheet as at 31 August 2019**

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies' regime within Part 15 of the Companies Act 2006. They were approved by the Board on 13 January 2020 and signed on its behalf.

T Millard  
**Chairman**

The notes on pages 16 to 25 form part of these accounts.

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
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**Cash Flow Statement**  
**for the year ended 31 August 2019**

	<u><b>2019</b></u>	<u><b>2018</b></u>
Net cash inflow/(outflow) from operating activities	£ (17911)	£ (121101)
<b>Cash flows from investing activities</b>		
Interest received	4	14
Investment income	-	-
	<u>4</u>	<u>14</u>
Net cash inflow/(outflow) from returns on investments and servicing of finance	(17907)	(121087)
<b>Investing activities</b>		
Purchase of tangible fixed assets	(18601)	( 4453)
Sale of fixed assets	-	418
	<u>                    </u>	<u>                    </u>
<b>(Decrease)/increase in cash and cash equivalents</b>	<u>£ (36508)</u>	<u>£ (125122)</u>

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
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**Notes to the Cash Flow Statement**  
**for the year ended 31 August 2019**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Reconciliation of net movement in funds to net cash inflow</b>		
Net (expenditure)/income as per the S.O.F.A (page 13)	£ (92817)	£ (228230)
Interest receivable	( 4)	( 14)
Depreciation and loss on disposal	38050	43550
Decrease/(increase) in investments	-	26276
Decrease/(increase) in stock	-	480
(Increase)/decrease in debtors	30395	( 16034)
Increase/(decrease) in creditors	6465	52871
	<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>£ (17911)</b>	<b>£ (121101)</b>
	<hr/>	<hr/>
<b>Analysis of changes in cash and cash equivalent</b>		
Balance at 1 September	£ (45413)	£ 79709
Net cash inflow/(outflow)	(36508)	(125122)
	<hr/>	<hr/>
Balance at 31 August	£ (81921)	£ ( 45413)
	<hr/>	<hr/>
<b>Cash and cash equivalents shown in the balance sheet</b>		
Cash at bank	£ -	-
Cash in hand	1643	1834
	<hr/>	<hr/>
Cash balances	1643	1834
Bank overdraft – repayable on demand	(83564)	(47247)
	<hr/>	<hr/>
	<b>£ (81921)</b>	<b>£ ( 45413)</b>
	<hr/>	<hr/>



**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
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**Notes to the Financial Statements**  
**for the year ended 31 August 2019**

**1 Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of leasehold premises and fixed asset investments, in accordance with the Statement of Recommended Practice for Charities SORP (FRS102), the Companies Act 2006, and the Charities Act 2011. The charity meets the definition of a public benefit entity under FRS102.

**1.2 Income**

Income comprises all fees charged by the association during the year, net of value added tax.

Donated goods and services are recognised at the time of receipt of the goods or services. As a rule, the charity does not generally use the services of volunteers.

**1.3 Depreciation**

Depreciation is provided at rates calculated to write off the cost/valuation of fixed assets, less their estimated residual value, over the expected useful lives, commencing on the date at which each asset is brought into use, using the following rates:

Leasehold premises	over the remaining period of the 82 year lease
Short leasehold premises	over 10 years straight line
Plant and equipment	20% reducing balance
Computer equipment	33 <sup>1</sup> / <sub>3</sub> % straight line
Portacabin	20% reducing balance
Motor vehicle	20% reducing balance

**1.4 Investments and investment income**

Investments are stated at market value.

Income from investments is accounted for on a receivable basis.

**1.5 Stocks**

Stocks are stated at the lower of cost and expected sales price, less estimated costs to realise.

**1.6 Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in general expenses.

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**for the year ended 31 August 2019**

**1.7 Leased assets**

Amounts paid under operating leases are charged to the income and expenditure account as incurred.

**1.8 Pension costs**

The association continues to contribute to three defined contribution schemes. Contributions are charged to the income and expenditure account as they become payable.

**1.9 Grants**

Grants receivable in respect of fixed assets are treated as deferred income, which are credited to the income and expenditure account over the estimated economic lives of the related assets.

**1.10 Going Concern**

These accounts have been prepared on the going concern basis. In common with other organisations of a similar size. The senior management team manage the day-to-day cash requirements of SETA using bank and credit card accounts, along with the support of trade creditors.

During the year to 31 August 2019, the association had an excess of expenses totalling £92817. This has depleted the associations unrestricted general fund to £65493. As of the date of approval of these accounts, further funding to support the ongoing working capital requirement has not been confirmed.

Should expenses continue to exceed income during 2020, it is uncertain whether sufficient working capital will be available.

It is anticipated that the support of the bank, suppliers and customers will continue for the foreseeable future.

**2 Income**

All income arises within the United Kingdom.

Included in the profit and loss account is government grant income of £2373 (2018 £3209).

Donated services to the value of £nil (2018: £8630) are included in these accounts.

**Notes to the Financial Statements  
for the year ended 31 August 2019**

<b>4</b>	<b>Net incoming resources</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
	This is stated after charging/(crediting):		
	Depreciation	£ 38050	£ 42794
	Auditors' remuneration – audit work	4600	4500
	- other services	1400	1400
	Directors remuneration (as staff-included in staff costs)		107720
	Directors pension contributions		10636
	Pension costs	100408	96821
	Capital grant released	(2373)	(3209)
	Interest paid	2136	894
	Operating lease payments	127036	129079

The trustees received no emoluments in respect of their services to the association as trustees (2018: nil).

The managing director Mrs Julie Gough and operations director Michael Driscoll are part of the senior management team. They receive no benefits or remuneration for their attendance at council meetings but, are remunerated under contracts of employment for their work for SETA.

Mrs J Gough's total remuneration was £64107 (2018: £56658), pension contributions of £5751 (2018: £5585) and benefits of £844 (2018: £804).

Mr M Driscoll's total remuneration was £58213 (2018: £51062), pension contributions of £5239 (2018: £5151) and benefits of £582 (2018: £554).

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**(A company limited by guarantee)**  
**T/A SETA**

**Notes to the Financial Statements**  
**for the year ended 31 August 2019**

**6 Fixed assets**

	<u>Long term Leasehold</u>	<u>Short term Leasehold</u>	<u>Plant &amp; equip- ment</u>	<u>Porta- cabins</u>	<u>Motor vehicle</u>	<u>Total</u>
	£	£	£	£	£	£
<b>COST/VALUATION</b>						
Brought forward	335000	74370	906518	7924	7234	1331046
Additions	-	-	18601	-	-	18601
Disposals	-	-	(2909)	-	-	(2909)
At 31 August 2019	335000	74370	922210	7924	7234	1346738
<b>DEPRECIATION</b>						
Brought forward	16080	58878	826902	7575	6979	916414
Charge for the year	8040	7699	22190	70	51	38050
Released on disposals	-	-	(2909)	-	-	(2909)
At 31 August 2019	24120	66577	846183	7645	7030	951555
<b>NET BOOK VALUE</b>						
At 31 August 2019	310880	7793	76027	279	204	395183
<b>NET BOOK VALUE</b>						
At 31 August 2018	318920	15492	79616	349	255	414632

The long-term leasehold premises were re-valued to £335000 on 9 November 2017 by Hughes Ellard, an independent firm of property consultants on an open market value basis.

If the buildings had not been included at valuation, they would have been included under the historical cost convention as follows:

	<u>2019</u>	<u>2018</u>
Cost	£ 383307	£ 383307
Accumulated depreciation	(172189)	(165791)
Net book value	£ 211118	£ 217516

There were no capital commitments outstanding at 31 August 2019 (2018: £nil).

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**(A company limited by guarantee)**  
**T/A SETA**

**Notes to the Financial Statements**  
**for the year ended 31 August 2019**

<b>7 Investments</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Market value at 1 September 2018	£ -	£ 26276
Disposals	-	-
Net investment (loss)/gain	-	( 91)
Investment income	-	-
Investment charges	-	-
Cashed in	-	(26185)
	<hr/>	<hr/>
At 31 August 2019	£ -	£ -
	<hr/>	<hr/>
Historical cost as at 31 August 2019	£ -	£ -
	<hr/>	<hr/>

The listed investments held consisted of unit trusts, bonds and open-ended investment company holdings, all of which are quoted on a recognised stock exchange.

<b>8 Debtors</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Due within one year:		
Trade debtors	£ 89833	£ 122035
Loans and deposits	-	-
Prepayments and accrued income	59983	58176
	<hr/>	<hr/>
	£ 149816	£ 180211
	<hr/>	<hr/>

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**for the year ended 31 August 2019**

<b>9</b>	<b>Creditors: amounts falling due within one year</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
	Bank loans and overdrafts	£ 83564	£ 47247
	Trade creditors	56856	86997
	Taxation and social security	72500	63573
	Other creditors	969	190
	Accruals and deferred income	165150	134122
		<hr/>	<hr/>
		£ 379039	£ 332129
		<hr/>	<hr/>

The bank overdraft is secured on all of the assets of the company.

Deferred income relates to course deposits and fees, which have been invoiced but not performed by the year end.

The amount of this income is, as follows: -	<b><u>2019</u></b>	<b><u>2018</u></b>
Deferred at 31 August 2018	52558	41547
Released in 2019	(52588)	(41547)
Deferred at 31 August 2019	63453	52558
	<hr/>	<hr/>

<b>10</b>	<b>Creditors: - amounts falling due after one year:</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
	Grant income in advance	£ 3319	£ 7447
		<hr/>	<hr/>

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**for the year ended 31 August 2019**

**11 Employees**

The average number of persons employed by the association during the year was 36 (2018: 36). At the end of the year 36 (2018: 36) staff were in employment.

The staff costs are, as follows: -	<u><b>2019</b></u>	<u><b>2018</b></u>
Wages and salaries	1072243	1034928
Social security costs	108361	104079
Employer's contributions to defined contribution schemes	100408	96821
Other employee benefits	13224	16582
	<hr/>	<hr/>
Training costs and employment incentives	1294236	125410
	-	( 322)
	<hr/>	<hr/>
	<u>1294236</u>	<u>1252088</u>

No employees, key personnel or trustees received benefits of more than £60,000 pa.

The other employee benefits are contributions to a private health insurance scheme.

**12 Lease commitments**

The amount of annual commitments at 31 August 2019 under non-cancellable operating leases, for which no provision has been made in these accounts, is as follows:

	<u><b>2019</b></u>		<u><b>2018</b></u>	
	<u><b>Land &amp; Buildings</b></u>	<u><b>Other</b></u>	<u><b>Land &amp; buildings</b></u>	<u><b>Other</b></u>
Expiring:				
Within one year	£ 91500	£ 25981	£ 91500	£ 25561
Between two and five years	160000	30240	160000	50743
Greater than five years	1028583	-	1223333	-
	<hr/>		<hr/>	

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**for the year ended 31 August 2019**

**13 Company status**

The association is limited by guarantee of the members, each of whom is due to contribute a maximum of £20.00 whilst a member or, within one year of ceasing to be a member.

**14 Taxation**

The association has charitable status and exemption from taxation has been granted under the Corporation Taxes Act 2010.

**15 Company information**

The Charity is a company limited by guarantee, incorporated in England.

The registered office address is:-  
 First Avenue  
 Millbrook Trading Estate  
 Southampton  
 SO15 0LJ

**16 Related party transactions**

In accordance with the Association's constitution, the Council contains representatives from companies who are members of the Association.

There have been no related party transactions requiring disclosure during the year.

**17 Reconciliation of funds**

<b>(a) <u>General fund - unrestricted</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Balance at 1 September 2018	£ 155368	£ 380656
Net movement of funds	(92817)	(228230)
Release of fair value reserve	2942	2942
	<hr/>	<hr/>
Balance at 31 August 2019	£ 65493	£ 155368
	<hr/>	<hr/>
 <b>(b) <u>Fair value reserve</u></b>	 <b><u>2019</u></b>	 <b><u>2018</u></b>
Balance at 1 September 2018	£ 101733	£ 104675
Transfer to general fund	( 2942)	( 2942)
	<hr/>	<hr/>
Balance at 31 August 2019	£ 98791	£ 101733
	<hr/>	<hr/>



**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

Information for management purposes  
for the year ended 31 August 2019

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Detailed Income and Expenditure Account**  
**for the year ended 31 August 2019**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Income and endowments from:</b>		
<b>Donations and legacies</b>		
Donations and sponsorship	£ 23797	£ 950
	<hr/>	<hr/>
<b>Charitable activities</b>	23797	950
Group membership fees	-	-
Employer contributions	12155	20985
Training	25290	47949
Centre courses	61474	62875
Block funding	910458	749184
Canteen and sundry income	8356	10876
	<hr/>	<hr/>
	1017733	891869
<b>Other trading activities</b>		
Commercial courses	647065	582655
AM2 testing	260124	263325
Recruitment services	-	5550
	<hr/>	<hr/>
	907189	851530
<b>Investments</b>		
Investment income	-	-
Interest receivable	4	14
	<hr/>	<hr/>
	4	14
<b>Other</b>		
Copier compensation	-	11940
Travel recovered	7787	-
	<hr/>	<hr/>
	7787	11940
	<hr/>	<hr/>
<b>Total income</b>	1956510	1756303
	<hr/>	<hr/>

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**T/A SETA**  
**(A company limited by guarantee)**

**Detailed Income and Expenditure Account**  
**for the year ended 31 August 2019**

<b>Expenditure on:</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Charitable activities:</b>		
<b>Training and courses</b>		
Course cost and accommodation	209968	187586
Grants allowances, wages, travel and lodging allowance	-	2411
Colleges of further education	41315	19846
Validation fees	690	-
Associate training expenses	70395	67845
	<hr/>	<hr/>
	322368	277688
	<hr/>	<hr/>
<b>Staff costs</b>		
Salaries	1072243	1034928
Employer's national insurance	108361	104079
Pensions and life insurance	100408	96821
Private healthcare scheme	13224	16582
Staff training	1395	2678
Government incentive	(3000)	(3000)
Agency staff	14954	-
	<hr/>	<hr/>
	1307585	1252088
	<hr/>	<hr/>
<b>Establishment</b>		
Rents	71500	71500
Car parking	20000	20000
Rates and water	14418	19422
Cleaning, laundry and refuse	13701	19066
Heat, light and power	31808	24027
Insurances	14479	12610
Legal and consultancy fees	-	-
Repairs and maintenance	9496	7963
	<hr/>	<hr/>
	175402	174588
	<hr/>	<hr/>

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
(A company limited by guarantee)

**Detailed Income and Expenditure Account**  
**for the year ended 31 August 2019**

	<u>2019</u>	<u>2018</u>
<b>Plant, material and maintenance</b>		
Plant, rental and leasing	35536	37579
Materials and tools	31519	43355
Maintenance and repairs	1107	257
Depreciation	38050	42794
Loss on disposal	-	756
Capital grant	(2373)	(3209)
	<hr/>	<hr/>
	103839	121532
	<hr/>	<hr/>
<b>General expenses</b>		
Motor and travel	16135	21061
Telephone and security alarm	7738	6847
Postage and stationery	10489	10865
Auditors' remuneration	6000	5900
Legal and professional	4264	931
Catering and canteen	19080	25996
Reference books, subs, film hire and module manuals	1203	1647
Safety and first aid	3571	1354
Sundry costs	526	395
Bad debts	( 2)	17450
Marketing and advertising	4778	3686
Recruitment costs	-	4986
Award ceremonies and entertaining	6363	2483
Computer expenses	23015	27277
Bank charges	6919	5564
Subscriptions	1973	816
Penalty	160	-
	<hr/>	<hr/>
	112212	137258
	<hr/>	<hr/>
<b>Total operating expenditure</b>	2021406	1963154
	<hr/>	<hr/>

**SOUTHAMPTON ENGINEERING TRAINING ASSOCIATION LIMITED**  
**(A company limited by guarantee)**

**Detailed Income and Expenditure Account**  
**for the year ended 31 August 2019**

	<u>2019</u>	<u>2018</u>
<b>Other expenditure</b>		
Irrecoverable VAT	25779	20394
Bank interest	1347	2
Loan interest	789	892
Exchange rate loss	6	-
	<hr/>	<hr/>
	27921	21288
	<hr/>	<hr/>
<b>Total expenditure</b>	(2049327)	(1984442)
<b>(Loss)/gains on investments</b>	-	( 91)
	<hr/>	<hr/>
<b>Net income/(expenditure)</b>		
<b>for the year</b>	£ ( 92817)	£ (228230)
	<hr/>	<hr/>