

ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2001



Registered in England and Wales - Company Number 2324869
- Charity Number 1000328

ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2001

Auditors and Financial Advisers

haysmacintyre
Southampton House
317 High Holborn
London WC1V 7NL

Registered Office

EMTA House
14 Upton Road
Watford WD18 0JT

Investment Managers

Deutsche Asset Management Ltd
1 Appold Street
London EC2A 2UU

Property Managers

Fletcher King
Stratton House
Stratton Street
London W1X 5FE

Bankers

Barclays Bank plc
32 Clarendon Road
Watford WD17 1BZ

Solicitors

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

Davenport Lyons
1 Old Burlington Street
London W1X 1LA

Charles Russell
8-10 New Fetter Lane
London EC4A 1RS

Bevan Kidwell
2nd Floor Baird House
15-17 St Cross St
London EC1N 8UW

Council Members

Lord Trefgarne - Chairman
D'ATN Payne - Deputy Chairman
RJG Davies - Deputy Chairman
A Brewster
R W Etches
M Gildea
I Grant
P Horton
G Lane
S Pallas
T Pye
M W Regan
A Robson
A Shipton
D Thomas
P Watts
L Williams
I Young

Chief Executive

Dr Michael Sanderson

Finance Director and Company Secretary

Philip Whiteman

ENGINEERING AND MARINE TRAINING AUTHORITY

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CHAIRMAN'S STATEMENT

INTRODUCTION

The last year brought further growth in our core charitable activities with National Training Organisation (NTO) expenditure increasing measurably. Some of our main achievements as an NTO are listed below. The overall trading profit from subsidiaries was similar to last year. A provision for asset impairment has been made for Cleveland Training Centre Ltd. pending a disposal of the business due to complete on 30 September 2001. The steep fall in stock market values during the year, coupled with the cost of transferring the management of our funds to a new firm, resulted in a significant reduction in our net assets. This "snapshot" at 31 March 2001 coincided with the UK equity market bottoming out and we are advised that values will pick up over the next twelve months. The Council remain confident that the long term view of market returns is the the correct one and we continue to pursue a cautious reserves policy.

MAIN ACHIEVEMENTS

- Following a reorganisation, an Operations team was successfully established which secured external funding for employers in the industry of £3.8 million.
- Our Engineering Learning Link (ELL) was appointed as the Learndirect Sector Hub for Engineering by University for Industry (Ufi).
- A major research project was carried out with Cranfield University on the availability of Open Learning Materials for engineering.
- Two television programmes were screened on the BBC Learning Zone.
- The Skills Foresight Report for engineering was published.
- A major contract was secured from QCA to produce a full range of engineering qualifications from Level 1 To 5 by December 2001. The first phase of the project was completed and well received.
- A survey of the impact of new technology on skills was completed.
- Lobbying on behalf of the sector to improve the national rate of funding for engineering Modern Apprenticeships was successful.
- We have continued to build upon our established relationships with Ministers, MPs and Government officials.
- An initiative to enable staff at all levels to achieve the European Computer Driving Licence was launched.
- The then DfEE Minister, Malcolm Wicks MP, invited EMTA to establish an Engineering Skills Advisory Group.
- DTI Minister, Lord Sainsbury, invited EMTA to sit on the Shadow Engineering and Technology Board and to chair the associated Training and Education Working Group.

REVIEW OF ACTIVITIES

A full review is given in the Report of Council.

THE COUNCIL

I offer my sincere gratitude to my fellow Council members for their valuable support at meetings and events held at venues across Great Britain.

EMPLOYEES

We offered a voluntary early retirement scheme during the year which was taken up by 13 staff. I wish them a long and healthy retirement. This temporarily placed increased pressure on the remaining staff which they absorbed with enthusiasm. I congratulate all staff on the commitment and dedication which has enabled EMTA to come through another year of major change and to make further progress with our important culture change programme.



Rt. Hon. Lord Trefgarne PC
25 September 2001

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REPORT OF COUNCIL

The members of Council are trustees of the charity and also directors for the purposes of company law.

OBJECTIVES

The objects of the Engineering and Marine Training Authority, the National Training Organisation for engineering employers, are to promote and advance the training of persons employed or intending to be employed as engineers.

The key policies adopted in order to achieve these objects are :

- Keeping an up to date register of employers in the industry
- Forecasting and assessing skill needs for the industry
- Promoting the industry to encourage people to join it
- Defining occupational standards
- Defining the overall training framework, identifying the gaps and proposing how these should be filled
- Supporting the infrastructure for Life Long Learning
- Representing the industry's training and development needs to Government and others
- Attracting external funding for training projects

REVIEW OF ACTIVITIES

The activities of the charity are funded from return on investments and from profits covenanted to it by trading subsidiaries. Each of the trading activities is managed for maximum return. The portfolio of investments generating income includes direct investment in property which comprises about 3% of the portfolio by value.

In July 2000 the management of the investment portfolio was transferred to Deutsche Asset Management Limited.

REVIEW OF FINANCIAL POSITION

There was a net reduction in funds for the year of £7,640,000. This was largely caused by the recent fall in stock market values and the costs associated with transferring the management of investments to a new firm. The change in investment policy to "total return" has resulted in a reduction in investment income on the previous year. Direct charitable expenditure has increased on the previous year, mainly on Research and Development.

The subsidiaries produced trading profits of £1,077,000, similar to last year. A provision has been made for asset impairment at Cleveland Training Centre pending the disposal of the business in September 2001. This reduced the Net Income from Trading Subsidiaries to £613,000 for the year.

INVESTMENT POLICY

EMTA requires its investments to be managed actively in line with an agreed approach which ensures that an appropriate level of risk is adopted.

The objective set for the investment managers is to achieve a total return 1% greater than the WM Universe Index (Ex-Property) for charities with an unconstrained investment strategy. The return will be measured over a three year rolling period.

RESERVES POLICY

Since EMTA carries out no fundraising activities, the income generated from its assets is needed to fund its charitable work. The Council's policy is to maintain the income generating capacity of the assets in real terms as measured by the Retail Prices Index.

ENGINEERING AND MARINE TRAINING AUTHORITY

REPORT AND FINANCIAL STATEMENTS 31 MARCH 2001

REPORT OF COUNCIL (continued)

It is expected that over the long term, the performance of the investment portfolio will be better than inflation and, therefore, it will be unnecessary to adjust the policy to counter short term downward fluctuations in investment markets.

The policy is reviewed annually.

COUNCIL MEMBERS' RESPONSIBILITIES

Company law requires the Council members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the charitable company and of the surplus or deficit for that period. In preparing those financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safe - guarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORPORATE GOVERNANCE

The key internal financial control procedures are summarised as follows :

Control environment :

There is a clear organisational structure with well defined lines of responsibility and delegation of appropriate levels of authority.

Risk management :

Business strategy, business plans and treasury and property operations are reviewed by the Finance and General Purposes Committee who make policy recommendations to the full Council. Detailed appraisals are undertaken and financial implications evaluated prior to all capital expenditure and projects.

Financial reporting :

A comprehensive system of budgets and forecasts is in place, with quarterly monitoring and reporting of actual results against targets to the Finance and General Purposes Committee of the Council.

Control procedures and monitoring systems :

Authority levels and procedures and other systems of internal financial control are documented, applied and regularly reviewed by the Audit Committee. In addition, the Audit Committee meets twice yearly with the external auditors to discuss audit planning and the results of their audit work. The auditors meet the Audit Committee in private session as part of this process.

Remuneration :

Senior managers' remuneration is governed by the Appointments and Remuneration Committee.

Policy :

Policy matters are reviewed by a Joint Education and Training Policy Committee which is made up of representatives nominated by EMTA Council and the EEF Council.

Appointment of Council members :

The appointment of Council members is made by members on the recommendation of an Appointing Committee made up of EMTA's chairman, EEF's President, a representative of a large non-federated company and a representative of the Confederation of Group Schemes.

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REPORT OF COUNCIL (continued)

FIXED ASSETS

Movements in fixed assets during the year are recorded in Note 8 to the financial statements.

COUNCIL MEMBERS

As directors of the company, the Council members are responsible for overseeing the company's business in a manner consistent with its charitable objectives. They are also guarantors to the company.

The members of Council who held office during the year were :

Lord Trefgarne	Chairman	T Pye	
D'ATN Payne	Deputy Chairman	M W Regan	
R J G Davies	Deputy Chairman	A Robson	
A A Brewster *		A Shipton	
R Cartwright	(resigned 24 August 2000)	N Stockbridge	(resigned 26 September 2000)
M P Chapman	(resigned 20 February 2001)	D Thomas	(appointed 26 September 2000)
R W Etches		P Watts	
M Gildea		L Williams	(appointed 26 September 2000)
I Grant *		I R Young *	
P J F Horton *			
Cllr G Lane *			
S Pallas			

* Member of the Audit Committee

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

As permitted under the Companies Act 1989 and under the company's articles of association, the company has maintained insurance in respect of directors' and officers' liabilities incurred in connection with the discharge of their duties

CHARITABLE STATUS

The company is limited by guarantee and is a registered charity - No. 1000328

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution will be proposed at the Annual General Meeting that haysmacintyre will be reappointed as auditors to the company for the ensuing year.

By order of the Council



P W WHITEMAN
Secretary

EMTA House
14 Upton Road
Watford, WD18 0JT

25 September 2001

ENGINEERING AND MARINE TRAINING AUTHORITY

AUDITORS' REPORT TO THE MEMBERS OF ENGINEERING AND MARINE TRAINING AUTHORITY

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 11 and 12.

Respective responsibilities of Council and auditors

As described on page 3 the charitable company's Council members are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and of the charitable company as at 31 March 2001 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



haysmacintyre

Chartered Accountants and Registered Auditors

London

25 September 2001

ENGINEERING AND MARINE TRAINING AUTHORITY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2001

INCOME AND EXPENDITURE

		<u>UNRESTRICTED FUNDS</u>	
	<u>Note</u>	<u>2001</u> £'000	<u>2000</u> £'000
Incoming Resources			
Investment Income	6	1,101	1,508
Net Income From Trading Subsidiaries	3	613	1,166
NTO Charitable Income From Externally Funded Projects		995	1,100
NTO Charitable Trading Income		287	229
Total Incoming Resources		<u>2,996</u>	<u>4,003</u>
Resources Expended			
Direct Charitable Expenditure			
Promotion and PR		1,223	861
Research and Development		2,338	1,301
Other NTO Expenditure		391	453
NTO Trading Costs		1,944	1,448
Support Costs		620	342
Sub-Total		<u>6,516</u>	<u>4,405</u>
Other Expenditure			
Interest Payable		-	38
Administration and Management		40	37
Sub-Total		<u>40</u>	<u>75</u>
Total Resources Expended	5	<u>6,556</u>	<u>4,480</u>
Net Outgoing Resources		(3,560)	(477)
Unrealised (Loss) / Gain on Investments	10	(10,837)	2,948
Realised Gain / (Loss) on Investments	10	6,475	(94)
Realised Gain / (Loss) on Investment Properties	9	28	(131)
Revaluation of Group Occupied Properties	8	162	-
Revaluation of Investment Properties	9	92	(66)
Net movement in funds	16	<u>(7,640)</u>	<u>2,180</u>
Fund Balance at 1 April 2000		47,361	45,181
Fund Balance at 31 March 2001		<u>39,721</u>	<u>47,361</u>

The notes on pages 11 - 22 form part of these accounts. All activities reported in the above Statement of Financial Activities relate to continuing operations.

ENGINEERING AND MARINE TRAINING AUTHORITY

GROUP BALANCE SHEET - 31 MARCH 2001

	<u>Note</u>	<u>2001</u> £'000	<u>2000</u> £'000
FIXED ASSETS			
Tangible assets	8	5,229	5,704
Investment properties	9	937	3,032
Investments	10	33,011	38,205
		<u>39,177</u>	<u>46,941</u>
CURRENT ASSETS			
Stocks	12	149	179
Debtors	13	2,173	2,048
Cash at bank		831	824
		<u>3,153</u>	<u>3,051</u>
CREDITORS			
Amounts falling due within one year	14	(2,476)	(2,468)
NET CURRENT ASSETS		<u>677</u>	<u>583</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>39,854</u>	<u>47,524</u>
PROVISIONS FOR LIABILITIES AND CHARGES	15	(133)	(163)
NET ASSETS		<u><u>39,721</u></u>	<u><u>47,361</u></u>
FUNDS AND RESERVES			
<u>Unrestricted Funds:</u>			
General Reserve	16	39,721	47,361
		<u><u>39,721</u></u>	<u><u>47,361</u></u>

The financial statements were approved by the Council on 25 September 2001 and are signed on its behalf by:



Rt Hon Lord Trefgarne PC
Chairman



I R Young
Council member

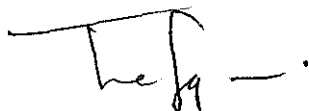
The notes on pages 11 - 22 form part of these accounts.

ENGINEERING AND MARINE TRAINING AUTHORITY

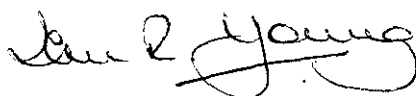
CHARITY BALANCE SHEET - 31 MARCH 2001

	<u>Note</u>	<u>2001</u> £'000	<u>2000</u> £'000
FIXED ASSETS			
Tangible assets	8	3,194	3,065
Investments	10	33,011	38,205
Investment in subsidiaries	11	1,550	1,797
		<u>37,755</u>	<u>43,067</u>
CURRENT ASSETS			
Debtors	13	3,972	4,757
CREDITORS			
Amounts falling due within one year	14	(6,573)	(7,589)
NET CURRENT LIABILITIES		<u>(2,601)</u>	<u>(2,832)</u>
NET ASSETS		<u>35,154</u>	<u>40,235</u>
FUNDS AND RESERVES			
<u>Unrestricted Funds:</u>			
General Reserve	16	35,154	40,235
		<u>35,154</u>	<u>40,235</u>

The financial statements were approved by the Council on 25 September 2001 and are signed on its behalf by:



Rt Hon Lord Trefgarne PC
Chairman



I R Young
Council member

The notes on pages 11 - 22 form part of these accounts.

ENGINEERING AND MARINE TRAINING AUTHORITY

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

	<u>Note</u>	<u>2001</u> £'000	<u>2000</u> £'000
Operating Activities			
Cash received from customers		7,973	12,234
Cash payments to employees		(6,324)	(5,954)
Cash payments to suppliers		(4,922)	(7,977)
Cash payments to Customs and Excise		(275)	(214)
Net cash outflow from operating activities	a)	<u>(3,548)</u>	<u>(1,911)</u>
Returns on investments and servicing of finance			
Investment income received		953	1,645
Interest element of finance lease repayment		-	(6)
Net cash inflow from returns on investments and servicing of finance		<u>953</u>	<u>1,639</u>
Capital expenditure and financial investment			
Payments to acquire investments		(37,054)	-
Payments to acquire tangible fixed assets		(441)	(3,565)
Receipts from the sale of tangible fixed assets		-	56
Receipts from the sale of investment properties		2,215	568
Receipts from the sale of investments		37,357	3,515
Withdrawal of cash from investment managers		529	-
Net cash inflow from capital expenditure and financial investment		<u>2,606</u>	<u>574</u>
Net cash inflow before financing		11	302
Financing			
Capital element of finance lease rental payments		(4)	(63)
Net cash outflow from financing		<u>(4)</u>	<u>(63)</u>
NET INCREASE IN CASH	c)	<u><u>7</u></u>	<u><u>239</u></u>

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE GROUP CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 MARCH 2001

	<u>2001</u> £'000	<u>2000</u> £'000		
a) Reconciliation of net incoming resources to net cash outflow from operating activities				
Net Outgoing Resources	(3,560)	(477)		
Investment Income	(1,101)	(1,508)		
Depreciation	602	644		
Impairment of fixed assets	464	-		
Amortisation of deferred grant	(30)	(29)		
Increase / (Decrease) in provisions	-	124		
Loss / (Profit) on sale of fixed assets	12	(33)		
Increase / (decrease) in creditors	(90)	(1,563)		
(Decrease) / Increase in debtors	125	911		
Decrease in stocks	30	20		
Net cash outflow from operating activities	<u>(3,548)</u>	<u>(1,911)</u>		
b) Analysis of net funds				
	At 1 April <u>2000</u> £'000	Cash flow <u>£'000</u>	Other non-cash changes <u>£'000</u>	At 31 March <u>2,001</u> £'000
Cash at bank and in hand	824	7	-	831
	<u>824</u>	<u>7</u>	<u>-</u>	<u>831</u>
Finance leases	(4)	4	-	-
	<u>820</u>	<u>11</u>	<u>-</u>	<u>831</u>
c) Reconciliation of net cash flow to movement in net funds				£'000
Increase in cash in the period				7
Continuing activities				<u>7</u>
Cash outflow from finance leases				4
Change in net funds resulting from cash flows				<u>11</u>
Movement in net funds in the period				11
Net funds at 1 April 2000				<u>820</u>
Net funds at 31 March 2001				831

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets. Compliance with SSAP 19 "Accounting for Investment Properties" requires departures from the requirements of the Companies Act 1985 relating to depreciation and amortisation.

The financial statements have also been prepared in accordance with the Statement of Recommended Practice "Accounting by Charities". All of the expenditure incurred by EMTA is for charitable purposes.

Financial Statements

The financial statements consolidate the results of the Engineering and Marine Training Authority and its subsidiaries as at the balance sheet date.

Incoming Resources

Income represents the amount receivable but excludes value added tax.

Sale of properties

Sales of properties are recognised upon legal completion of the contract.

Tangible fixed assets

(a) Group occupied properties

Freehold properties and properties on leases with twenty years and over to run at the balance sheet date, which are occupied by group companies for the purpose of trading, are revalued at least every five years and the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial.

(b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation in equal instalments over the expected useful lives of each class of asset, from the date on which the assets are brought into use. The expected useful lives are as follows :

	Years
Long leasehold buildings occupied by group companies	40
Freehold buildings occupied by group companies	40
Improvements to freehold buildings	40
Office furniture	10
Plant	10
Machinery and equipment	5
Motor vehicles	4
Computer equipment	3

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

ACCOUNTING POLICIES (continued)

Investment Properties

In accordance with SSAP 19, investment properties are revalued annually. The aggregate surplus or deficit on revaluation is taken to the revaluation reserve, regardless of whether this results in a temporary deficit. If a deficit on an individual investment property is expected to be permanent, then it is charged in the Consolidated Statement of Financial Activities of the period.

No provision is made for depreciation of freehold investment properties or for amortisation of leasehold properties held on leases having more than 20 years unexpired.

This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the Council Members, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

Property costs

Refurbishment costs and repairs are written off in the year they are incurred. Where a leased property becomes vacant, and assignment without loss is unlikely, the future obligations relating to the lease, less the estimated future income stream, are provided for in full. Ongoing expenses are also taken into account.

Fixed asset investments

Investments are stated at market value as at 31 March 2001. Realised and unrealised gains and losses are credited or debited to the consolidated Statement of Financial Activities in the year in which they arise.

The investment in subsidiaries is stated at the lower of cost and net asset value.

Stocks

Stocks are valued at the lower of production cost and net realisable value.

Grants

Grants in respect of capital expenditure are treated as deferred income which is credited to the Consolidated Statement Of Financial Activities by instalments over the expected useful economic life of the related assets on a basis consistent with the depreciation policy.

Fund Accounting

The general reserve comprises those monies which maybe used towards meeting the charitable activities of the charity at the discretion of the Council.

Leased Assets

Assets acquired under finance leases and the related liability of future rental obligations are included in the balance sheet. The interest element is charged to the Consolidated Statement of Financial Activities in proportion to the reducing capital element outstanding. The assets are depreciated over the shorter of the lease terms and their useful economic life. Operating lease rentals are charged to the Consolidated Statement of Financial Activities on a straight line basis over the lease period.

Pensions

EMTA is a participating employer in the ITB Pension Funds, which are constituted as defined benefit schemes. Pension contributions are charged to the Consolidated Statement of Financial Activities so as to spread the regular cost of pensions and related benefits over employees' working lives.

2 CONTINGENT LIABILITY

Following the transfer of assets from EITB, Engineering Construction Industry Training Board have security for present and future debts and liabilities relating to the Board's engineering manufacturing sector activities and the Board's land and buildings, by way of an insurance policy.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

3 INCOMING RESOURCES AND NET MOVEMENT IN FUNDS

a) Analysis of income

The group has only one class of activity. All group activity is conducted in the United Kingdom.

b) Net income from trading activities

The Charity has four wholly-owned trading subsidiaries which are incorporated in the UK. EMTA Awards Ltd is the awarding body for vocational qualifications primarily in the engineering sector. EMTA Cleveland Training Centre Limited operates a direct training centre and Training Publications Limited publishes and markets training and other publications. Training Properties Limited manages the Charity's portfolio of investment properties. All the companies covenant their taxable profits to the Engineering and Marine Training Authority. A summary of their trading results is shown below. Audited accounts have been filed with the Registrar of Companies.

	EMTA Awards Limited £'000	EMTA Cleveland Training Centre Ltd £'000	Training Publications Limited £'000	Training Properties Limited £'000	Total 2001 £'000	Total 2000 £'000
Turnover	3,661	1,076	1,940	-	6,677	7,777
Change in stocks of finished goods	-	-	(30)	-	(30)	(20)
Other operating income	-	-	-	284	284	398
	<u>3,661</u>	<u>1,076</u>	<u>1,910</u>	<u>284</u>	<u>6,931</u>	<u>8,155</u>
Materials and external charges	489	141	500	194	1,324	1,496
Staff costs	1,229	429	770	-	2,428	3,113
Depreciation	75	105	141	-	321	379
Impairment of fixed assets	-	464	-	-	464	-
Other operating charges	1,047	486	213	35	1,781	2,001
	<u>2,840</u>	<u>1,625</u>	<u>1,624</u>	<u>229</u>	<u>6,318</u>	<u>6,989</u>
Operating surplus / (deficit)	821	(549)	286	55	613	1,166
Interest payable to parent company	-	-	-	(224)	(224)	(349)
Net surplus / (deficit)	<u>821</u>	<u>(549)</u>	<u>286</u>	<u>(169)</u>	<u>389</u>	<u>817</u>
Covenanted to EMTA	788	-	268	-	1,056	1,626
	<u>33</u>	<u>(549)</u>	<u>18</u>	<u>(169)</u>	<u>(667)</u>	<u>(809)</u>

c) Historical cost net movement in funds

	2001 £'000	2000 £'000
Net outgoing resources	(3,560)	(477)
Realisation of property revaluation gains of previous years	-	677
Differences between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	29
Historical cost (deficit) / surplus on ordinary activities	<u>(3,560)</u>	<u>229</u>

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

4 STAFF COSTS

	<u>2001</u> £'000	<u>2000</u> £'000
Wages and salaries	5,267	5,579
Social security costs	434	422
Other pension costs	192	188
	<u>5,893</u>	<u>6,189</u>

The average monthly number of persons employed during the year was as follows:

	<u>2001</u>	<u>2000</u>
Training services	179	182
Corporate Support	46	42
	<u>225</u>	<u>224</u>

Chairman's Remuneration

The remuneration paid to the Chairman during the year was £54,000 (2000 £52,000). No other Council member received any remuneration during the year in respect of their services to the charity. The total amount of expenditure reimbursed to Council members in respect of expenses incurred on the charity's activities was £8,000 (2000 £11,000).

Emoluments of employees

The number of employees whose emoluments for the year fell within each band of £10,000 were as follows :

	<u>2001</u>	<u>2000</u>
£40,001 - £50,000	12	4
£50,001 - £60,000	6	3
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

5 Net Outgoing Resources

The net outgoing resources is arrived at after charging/(crediting) the following:

	<u>2001</u> £'000	<u>2000</u> £'000
Hire of equipment - operating leases	56	42
Auditors' remuneration	21	26
Loss / (Profit) on sale of tangible fixed assets	12	(33)
Amortisation of deferred grant	(30)	(29)
Operating lease rentals-motor vehicles	199	133
Depreciation - owned assets	574	553
- leased assets	28	91
Impairment of fixed assets	464	-
Rental Income	(284)	(398)

Auditors remuneration includes £9,000 in respect of the audit of the parent charity (2000: £13,000). As in the previous year, there were no fees in respect of non-audit services.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

5 (Note 5 continued)

Analysis Of Total Resources Expended

	Salary Costs £'000	Depreciation Costs £'000	Other Costs £'000	Total Costs £'000
Promotion and PR	415	45	763	1,223
Research and Development	1,160	24	1,154	2,338
Other Expenditure	89	3	299	391
Trading Costs	1,350	42	552	1,944
Support Costs	419	137	64	620
Administration and Management	31	-	9	40
Grand Total	3,464	251	2,841	6,556

6 INVESTMENT INCOME

	<u>2001</u> £'000	<u>2000</u> £'000
Income from fixed asset investments	992	1,455
Other interest receivable	109	53
	<u>1,101</u>	<u>1,508</u>

7 TAXATION

EMTA is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

8 TANGIBLE FIXED ASSETS

Group	Land and Buildings £'000	Freehold improvements £'000	Plant and machinery £'000	Office furniture & equipment £'000	Total £'000
Cost or valuation					
At 1 April 2000	3,877		1,771	2,108	7,756
Additions	-		40	401	441
Disposals	-		(155)	(26)	(181)
Transfer	(327)	327	-	-	0
Revaluation	(235)	-	-	-	(235)
At 31 March 2001	3,315	327	1,656	2,483	7,781
Depreciation					
At 1 April 2000	381	-	717	954	2,052
Charge for year	86	-	210	306	602
Impairment Review	-	-	121	343	464
Disposals	-	-	(143)	(26)	(169)
Transfer	(10)	10	-	-	0
Revaluation	(397)	-	-	-	(397)
At 31 March 2001	60	10	905	1,577	2,552
NET BOOK AMOUNT					
At 31 March 2001	3,255	317	751	906	5,229
At 31 March 2000	3,496	0	1,054	1,154	5,704

Freehold and long leasehold land and buildings were valued at 31 March 2001 by Fletcher King, Chartered Surveyors at open market value. The surplus arising from the revaluation has been taken to the revaluation reserve.

Fixed assets with a cost of £3,854,000 (2000: £3,639,000) and accumulated depreciation of £660,000 (2000: £574,000) are held for charitable purposes.

Fixed assets with a cost of £164,367 (2000: £276,487) and accumulated depreciation of £162,351 (2000: £233,990) are held under finance leases.

The net book amount of land and buildings comprises :

	2001 £'000	2000 £'000
Freehold	2,675	2,903
Long leasehold	580	593
	3,255	3,496

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

8 TANGIBLE FIXED ASSETS (continued)

	<u>Freehold Land and buildings</u> £'000	<u>Freehold Improvements</u> £'000	<u>Plant and machinery</u> £'000	<u>Office furniture & equipment</u> £'000	<u>Total</u> £'000
Charity					
Cost or valuation					
At 1 April 2000	2,507	-	191	941	3,639
Additions	-	-	27	168	195
Disposals	-	-	(100)	-	(100)
Transfer	(327)	327	-	-	-
Revaluation	120	-	-	-	120
At 31 March 2000	2,300	327	118	1,109	3,854
Depreciation					
At 1 April 2000	16	-	65	493	574
Charge for the year	62	-	39	150	251
Disposals	-	-	(97)	-	(97)
Transfer	(10)	-	10	-	0
Revaluation	(68)	-	-	-	(68)
At 31 March 2001	0	0	17	643	660
NET BOOK AMOUNT					
At 31 March 2001	2,300	327	101	466	3,194
At 31 March 2000	2,491	0	126	448	3,065

Freehold land and buildings were valued at 31 March 2001 by Fletcher King, Chartered Surveyors at open market value. The surplus arising from the revaluation has been taken to the revaluation reserve.

Fixed assets with a cost of £119,266 (2000: £187,509) and accumulated depreciation of £117,250 (2000: £158,726) are held under finance leases.

The cost and accumulated depreciation at 31 March 2001 includes fully depreciated assets at historical cost of £466,325 (2000: £335,428).

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

9 INVESTMENT PROPERTIES

Group	<u>Freehold</u> £'000	<u>Long Leasehold</u> £'000	<u>Total</u> £'000
Valuation			
At 1 April 2000	2,507	525	3,032
Revaluation	25	67	92
Disposal (proceeds £2,215,000, realised gain £28,000)	(2,187)	-	(2,187)
At 31 March 2001	<u>345</u>	<u>592</u>	<u>937</u>
Comparable amounts under historical cost convention	<u>206</u>	<u>359</u>	<u>565</u>

Freehold and long leasehold investment properties were valued as at 31 March 2001 by Fletcher King, Chartered Surveyors at open market value. The surplus arising from the revaluation has been taken to the general reserve.

Deficits considered to be permanent have been written off through the Consolidated Statement Of Financial Activities.

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

10 FIXED ASSET INVESTMENTS

Group and charity

	2001 £'000	2000 £'000
Balance 1 April 2000 At Market Value	36,878	37,539
Additions at cost	37,054	-
Disposals at opening market value or cost if during the year (proceeds £37,357,000, realised gain £6,475,000)	(30,882)	(3,609)
Unrealised (loss) / gain on revaluation	(10,837)	2,948
	<u>32,213</u>	<u>36,878</u>
Cash awaiting investment	798	1,327
Balance 31 March 2001 At Market Value	<u>33,011</u>	<u>38,205</u>
Historical Cost Of Investments	<u>36,621</u>	<u>26,817</u>

Included in investments are the following which represent more than 5% by value of the total fund:

£2,310,000 - Deutsche Profunds Nth American Fund B
 £2,677,000 - Charities Aid CAF Income Fund
 £3,070,000 - Deutsche Profunds European Fund B
 £20,792,000 - Charities Aid CAF Balanced Growth Fund

The loans are secured against property occupied by the borrowers.

In July 2000 the management on the investment portfolio was transferred from Barclays Private Bank Limited to Deutsche Asset Management. The investments are held in a number of pooled funds and are being held for the long term. The amount of cash in the portfolio on 31 March was £798,000 (2000: £1,327,000). The portfolio is regulated by the Trustee Investment Act 1961

11 INVESTMENT IN SUBSIDIARIES

	2001 £'000	2000 £'000
Charity		
Shares at cost	6,680	6,680
Long term loan	3,221	5,453
	<u>9,901</u>	<u>12,133</u>
Provision	(8,351)	(10,336)
	<u>1,550</u>	<u>1,797</u>
	£'000	
Balance at 1 April 2000	1,797	
Loan Repayment Received	(2,232)	
Provided in the year	1,985	
Balance at 31 March 2001	<u>1,550</u>	

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

11 INVESTMENT IN SUBSIDIARIES (continued)

The provision is to write down EMTA's investment in its subsidiary companies.

The charity owns 100% of the allotted ordinary share capital of the following subsidiaries :

Training Properties Limited.

A company registered in England and Wales which operates as property managers and investors within Great Britain.

Training Publications Limited.

A company registered in England and Wales which operates a publishing and printing operation within Great Britain.

EMTA Cleveland Training Centre Limited.

A company registered in England and Wales which provides training to its local engineering community.

EMTA Awards Limited.

A company registered in England and Wales which provides the assessment systems for awarding vocational qualifications primarily in the engineering sector and acts as the awarding body for those qualifications.

12 STOCKS

This amount consists solely of stocks of resaleable publications.

13 DEBTORS

	Group		Charity	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Trade debtors	1,139	1,360	63	141
Amounts owed from subsidiary undertakings	-	-	3,120	4,413
Other debtors	159	118	18	77
Taxation	35	13	-	-
Prepayments and accrued income	840	557	771	126
	<u>2,173</u>	<u>2,048</u>	<u>3,972</u>	<u>4,757</u>

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR.

	Group		Charity	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	£'000	£'000	£'000	£'000
Trade creditors	372	272	182	169
Amounts owed to subsidiary undertakings	-	-	3,356	3,335
Taxation and social security	208	249	161	228
Other creditors	1,465	1,315	79	80
Obligations under finance lease	0	4	-	3
Bank overdraft	-	-	2,623	3,592
Accruals	431	628	172	182
	<u>2,476</u>	<u>2,468</u>	<u>6,573</u>	<u>7,589</u>

OBLIGATIONS UNDER FINANCE LEASES

	<u>2001</u>	<u>2000</u>
	£'000	£'000
Falling due within one year	-	4
Falling due after more than one year but within five years	-	-
	<u>-</u>	<u>4</u>

Represented by :

Gross obligations under finance leases	-	5
Less : interest not yet incurred	-	(1)
	<u>-</u>	<u>4</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Charity	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	£'000	£'000	£'000	£'000
Deferred grant	133	163	-	-
	<u>133</u>	<u>163</u>	<u>-</u>	<u>-</u>

ENGINEERING AND MARINE TRAINING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2001 (continued)

16 FUNDS AND RESERVES

	General Reserve	
	2001 £'000	2000 £'000
Group		
At 1 April 2000	47,361	45,181
Net movement in funds	(7,640)	2,180
At 31 March 2001	39,721	47,361
Charity		
At 1 April 2000	40,235	37,502
Unrealised loss on revaluation of investments	(10,837)	2,948
Realised gain on investments	6,475	-
Decrease in value of subsidiary	(247)	(453)
Loan Repayment Received	2,232	-
Unrealised gain on revaluation of occupied property	188	-
Deficit for the year	(2,892)	238
At 31 March 2001	35,154	40,235

As permitted by Section 230 of the Companies Act 1985, the Consolidated Statement of Financial Activities of the parent charitable company, whose result is shown above, is not presented as part of these accounts. The parent charitable company's deficit for the year amounted to £2,892,000 (2000: surplus £238,000).

17 CAPITAL COMMITMENTS

There was no material expenditure contracted but not provided for, nor any expenditure approved by Council members but not yet contracted.

18 PENSION COMMITMENTS

The group contributes to a defined benefit final salary scheme managed by the ITB Pension Funds, along with other former Industry Training Boards. The scheme's fund is financed by contributions from the group and charitable company and from employees and is managed by legally appointed trustees.

The cost to the group and charitable company for the year was £192,000 (2000: £188,000).

Contributions by the group and charitable company were determined on the advice of the Government Actuary using the prospective benefits method. The most recent valuation was at 31 March 1998. The major assumption used in the valuation was that investment returns would exceed earnings increases by 1.5 % per annum.

The valuation showed the actuarial value of the scheme's assets was £442 million. The actuarial value of these assets represented in excess of 120% of the benefits which had accrued to members.

The standard contribution rate payable by the participating employers was fixed at 5% of pensionable pay until 31 March 2004.

19 POST BALANCE SHEET EVENTS

Agreement has been reached, subject to contract, for the disposal of EMTA Cleveland Training Centre Ltd. and the transfer is due to complete on 30 September 2001.

20 LIABILITY OF MEMBERS

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1.