

Enginuity.

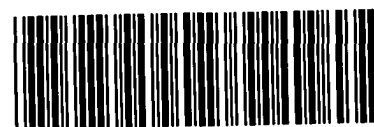
Enginuity
(formerly Science, Engineering And Manufacturing
Technologies Alliance)

Report And Consolidated Financial Statements

for the year ended 31 March 2023

Company Number: 02324869
Charity Number: 1000328

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ENGINUITY

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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ADVISORS FOR THE YEAR ENDED 31 MARCH 2023

Auditor

Crowe U.K. LLP
4th Floor, St James House
St James Square
Cheltenham
GL50 3PR

Registered Office

Unit 2, The Orient Centre
Greycaine Road
Watford
WD24 7GP

Investment Managers

CCLA
Senator House
85 Queen Victoria Street
London
EC4V 4ET

BNY Mellon Fund Managers Limited
The Bank of New York Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Investment Advisor

Portfolio Manager Consultancy Ltd
Woodwater House
Pynes Hill
Exeter
EX2 5WR

Board Members

Dame J Hackitt DBE (Chair)
M Evans
S Hunter
J Lopes
S Pamplin
M Tarry
P Birt
S Sandle
K Boswell OBE (resigned 13 December 2022)
J Wood
V Saward
P Perera
A Burke

Chief Executive

A Watson

Banker

Barclays Bank plc
62/62 High Street
Watford
WD17 2BT

Solicitors

DLA Piper U.K. LLP
1 St. Peter's Square
Manchester
M2 3DE

Womble Bond Dickinson (UK) LLP
4 More London
Riverside
London
SE1 2AU

Report of the Chair by Dame Judith Hackitt DBE

Last year marks the culmination of a key phase in the transformation of Enginuity on its journey to becoming a leading connector and supporter of the manufacturing and engineering sector. The organisation has made significant progress during 2022-23 in laying the foundations of a new suite of products and services that have been skilfully and expertly designed to help boost the pace of skills development across our industry.

Enginuity has been following a complex journey from its original inception as a Sector Skills Council to its current position as a self-sufficient and trusted organisation that has seen success in the development of a robust response to the skills agenda. Over the last year, our key focus has been on developing the capacity and capability to deliver compelling charitable benefit through ambitious programmes, thoroughgoing consultations and the design of ground-breaking products and services.

Enginuity is now following a trajectory that will raise its profile still further as it works with ambition to fulfil its mission as a reconstructed organisation. Thanks to its investment in expertise, tools, and processes, Enginuity has strengthened its ability to offer support to industry, in helping organisations across the sector to identify skills gaps, find similar sectors with complementary skills, and pinpoint the appropriate training and development to address their skills requirements.

As we move into 2023-24 and beyond, the organisation has made a commitment to invest £2M annually in charitable activities designed to support the entire UK manufacturing and engineering sector. Enginuity has already launched its series of Skills Miner interactive games designed to inspire young people to explore careers based on Science, Technology, Engineering and Maths (STEM) subjects.

Enginuity's focus on skills taxonomy has enabled it to develop a common language for the sector through its Skills Framework platform which brings together key information on a wide range of occupations, job roles, and work activities within manufacturing and engineering. This abundant resource is set to provide the sector with a better understanding of labour market trends, insights for future workforce planning and improved careers information for individuals.

At the heart of Enginuity's mission is its core focus on collaboration. Convening and leading the National Manufacturing Skills Taskforce has been one of its most significant achievements to date. Enginuity has successfully brought together industry partners from multiple sectors alongside professional bodies and organisations including the Catapult Network, the Royal Academy of Engineering and Make UK, to curate a single, unified voice that speaks to government on the skills agenda.

This provides a clear steer to policy makers on the key requirements of apprenticeships, and the imperative for reskilling, and upskilling. The successful establishment of the Taskforce makes a powerful statement about Enginuity's commitment to bringing organisations across the sector together in the firm belief that we are stronger together.

I am proud of the progress that the Enginuity team has achieved over the last year and would like to thank them all for their hard work and commitment to living the values of the organisation. It is also a pleasure to work alongside our highly dedicated group of trustees whose endeavours provide a bedrock of support to the organisation.

In the year ahead, Enginuity looks forward to reaching out still further as part of our mission to boost skills development and growth within the sector. We have full confidence that our brand will become synonymous with support for engineering and manufacturing and our reputation will be cemented as we continue to demonstrate the outstanding quality of our products and services.

ENGINEUITY

TRUSTEES'/DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

1. ADMINISTRATIVE DETAILS

ENGINEUITY is a company, limited by guarantee (company number 02324869) and does not have share capital, which is incorporated in England and Wales under the Companies Act 2006. It is a registered charity (charity number 1000328) governed by its memorandum and articles of association. The charity owns 100% of the allotted ordinary share capital of two trading subsidiaries.

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

Dame J Hackitt DBE (Chair)
M Evans 2
S Hunter
J Lopes
S Pamplin 6
M Tarry 1 & 2 & 4
P Birt 3 & 1
S Sandle 3
K Boswell OBE (resigned 13 December 2022)
J Wood
V Seward 5
P Perera
A Burke

- 1 Member of the Investment Committee
- 2 Member of the Audit Committee
- 3 Member of the Remuneration and Pensions Committee
- 4 Member and Chair of the Audit Committee
- 5 Member and Chair of the Investment Committee
- 6 Member and Chair of the Remuneration and Pensions Committee

The Chief Executive, professional advisors and registered office of the charity are listed on page 1.

2. STRATEGIC REPORT

During 2022-23, Enginuity continued its mission to proactively support employers in engineering and manufacturing industries to inspire and develop the engineers, technicians, and scientists on which the future of the sector relies. As a charity, Enginuity remains dedicated to exploring new ways to help UK manufacturing and engineering businesses to predict and address skills gaps, ensuring that the sector recruits and retains a highly skilled and globally competitive workforce.

We believe that the problem-solving skills of engineers will be vital in tackling the most significant challenges facing our society. We have worked collaboratively across all elements of the sector bringing together stakeholders that represent a wide range of adjacent industries in which engineering and manufacturing skills are relevant. Many of the solutions we have developed, and the interventions we have made, are based on ground-breaking research and a detailed understanding of the skills challenges affecting our sector.

Strategic engagement

Over the last year, Enginuity has been working to develop solutions to support the engineering and manufacturing skills ecosystem in partnership with employers and policy makers from all four UK nations. We have engaged in multiple high-profile consultations and worked alongside sector skills leaders to help inform and shape key decisions on skills training and development.

Enginuity has provided input to government on a wide range of skills issues including the Department for Transport's inquiry into the transportation workforce, highlighting the emerging importance of electrification, hydrogen technology, and digitalisation. We contributed to the inquiry led by Lord Knight and Lord Willetts alongside Engineering UK to explore the decline in engineering and manufacturing apprenticeships, setting out a seven-point agenda to address recovery in this area. Enginuity responded to the House of Lords Science and Technology Committee's inquiry and our Chair, Dame Judith Hackitt DBE, gave evidence and recommended maintaining a focus on promoting STEM careers for young people and on attracting skilled and experienced teachers into STEM posts.

**TRUSTEES'/DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

We are proud to have worked with the Scottish government through Skills Development Scotland on an independent and wide-ranging review of the system for skills delivery including the role and content of apprenticeships. Enginuity assisted Qualifications Wales with the planned introduction of a new GCSE in engineering designed to boost the prestige of the subject throughout the talent pipeline.

Enginuity has engaged with several bodies focused on supporting skills within the transportation arena including the UK Shipbuilding Skills Taskforce (UKSST) as part of the development of a future-focused skills strategy. We contributed to the Automotive Council UK Skills Working Group on helping adults within the sector to upskill and reskill as the electrification revolution gathers momentum. And we supported the Aerospace Growth Partnership through its Skills Working Group as it addresses current and future growth opportunities.

Digital skills solutions

The Enginuity team is proud of its progress on the development of a Skills Framework platform that has become the brainpower behind its digital skills solutions offer. The Skills Framework brings together insights based on a far-reaching occupational taxonomy delivered via an intuitive online platform which will launch in summer 2023. This will enable employers to source information on workforce supply and demand, and individuals to discover how their transferable skills can open up alternative career pathways in sectors of which they may not have been aware. Researchers and scientists can access a wealth of in-depth data that enables them to study career and skills trends.

Enginuity has seen significant success in the development and deployment of its Skills Miner interactive games that serve to inspire school pupils with ideas for STEM careers. Based on the popular gaming platform, Minecraft, Enginuity added vertical farming, launching the game variant during Digital Manufacturing Week. Skills Miner has achieved the endorsement of the Skills Builder Partnership for its positive contribution to Gatsby Benchmarks.

During 2022-23, Enginuity began the development of a new online interactive career map, 'Enspire City' that reveals industry zones, career pathways and inspirational role models, enabling young people to explore possible routes and learn about new and growing sectors. Launching in summer 2023, Enspire City will allow young people to explore industry zones including automotive, aerospace, vertical farming, and space.

In April 2022, we were delighted to support Plymouth City Council and Babcock who were keen to utilise Enginuity's expertise to develop an interactive game designed to reveal the latent skills and talent of young people from communities with access to fewer opportunities, helping young people in the Plymouth area into apprenticeships and employment.

Celebrating highlights

We were pleased to note the strong performance of EAL over the last year which has demonstrated a strong post-pandemic recovery. It has been reassuring to see that employers in the sector are investing in apprenticeships and other qualifications once more, and we welcomed the live launch of the new T Level in engineering and manufacturing in September 2022.

Enginuity welcomes the news of the large fall in the Section 75 pension debt, following the triannual valuation of the ITB Pension Scheme, allowing for a reduction in the Group Reserves Policy.

3. STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is governed by a Board representative of employers in the sector. The members of the Board are trustees of the charity and also directors for the purposes of company law. The Board meets quarterly to review progress against the agreed business plan and agree on future strategy. Responsibility for the management of the business is delegated to the Chief Executive.

There are four committees which submit reports to the full Board:

- Investment Committee
- Audit Committee
- Remuneration, Pensions and Nominations Committee
- Quality Assurance Committee.

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

In addition, a Board Standing Committee meets as and when required and has delegated authority to approve expenditure and contracts on behalf of the Board. As directors of the company, the Board 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 two subsidiaries are Excellence Achievement & Learning Limited (EAL - a Vocational Awarding Organisation) and Enginuity Skills Limited, which is used for commercial contracts for products developed by the charity.

Enginuity has reviewed the Charity Governance Code and mapped processes against the recommended practices. The Code is used as a tool for continuous improvement towards the highest standards within Enginuity and an action plan is in place. An external review of the Board and committees was carried out in 2022 and will be undertaken every three years. In addition, Board and committee self-assessments are carried out on an annual basis. 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 and business plans are reviewed by the Board. Detailed appraisals are undertaken, and financial implications evaluated prior to all capital expenditure and projects. Risk assessments are considered by the Audit Committee at each meeting and reported back to the Board.

Financial reporting:

A comprehensive system of budgets and forecasts is in place, with quarterly monitoring and reporting of actual results against targets to the Board.

Control procedures and monitoring systems:

Authority levels, procedures and other systems of internal financial control are documented and applied and subject to review by the Audit Committee, which consists of Board members and other members who are suitably qualified. The Audit Committee meets twice each year with the external auditors to discuss the audit plan and the results of their audit work. The auditor can meet the Audit Committee in private session as part of this process.

Investment:

Investment management is delegated to professional investment management firms CCLA and BNY Mellon Fund Managers Limited, supported by an independent advisor Portfolio Manager Consultancy Ltd. The Investment Committee's role, chaired by an Enginuity Board member and supported by members who are suitably qualified, is to review the performance of the investment managers and make recommendations to the Board on investment policy and strategy.

Remuneration:

Chair and senior executive remuneration is governed by the Remuneration, Pensions and Nominations Committee which is chaired by an Enginuity Board member and has members who are suitably qualified.

Appointment of Board members:

The appointment of Board members, for a maximum of three terms of three years, is made by members on the recommendation of the Remuneration, Pensions and Nomination Committee. New Board members undergo an induction to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, Enginuity's strategy and recent financial performance and the committees and decision-making process. Board members are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

4. **PUBLIC BENEFIT DISCLOSURES**

Enginuity provides public benefit by:

Inspiring individuals with latent talent who may not have considered engineering and helping individuals already interested in a career in engineering to understand their potential and the opportunities available.

Working with agencies from all UK countries to ensure that the framework of apprenticeship qualifications remains relevant and addresses skills requirements across manufacturing and engineering.

Advising government departments and external organisations on future skills demand within the sector via robust consultation processes.

Supporting sector employers through the development of solutions based on ground-breaking research and in-depth understanding of the skills challenges they face.

In agreeing this statement of public benefit, the Board confirms that it has paid due regard to the Charity Commission guidance. The charity's activities and achievements are set out below.

5. **OBJECTIVES AND ACTIVITIES**

The objects for which the company is established are for the public benefit:

To promote and advance educations, training and skills in science, technology, engineering, and manufacturing, and in particular to advance skills in such areas as are or may be in future required by the engineering profession, for the development of: (i) persons employed or intending to be employed in Industry and/or commerce, and (ii) the public generally.

Our trading subsidiary, EAL, was further established to promote and advance the education, training and skills development of persons employed or intending to be employed in Industry and commerce, and, subject to the foregoing object, to extend such training to members of the public generally.

Also, in furtherance of the above objects:

- To develop and set standards for education and training, to validate, test and monitor the standards and to issue certificates.
- To provide facilities for education and training.
- To provide training courses, instruction, and demonstrations of all sorts.

1. **Partnerships, policies, and strategic engagement (£203k)**

Consultations

During the last year, Enginuity has engaged with 13 consultations led by governments, parliamentary committees, government departments and arms-length bodies in England, Scotland, and Wales. The four key consultations were:

Transport Labour Market and Skills

Enginuity made a series of recommendations to the Department for Transport's investigation into the transport workforce conducted in the period to May 2022. Enginuity highlighted the importance of emerging skills including electrification, hydrogen, digitalisation and meta skills and the emerging skills gaps in electrical energy storage, electric machines, power electronics, fuel cells and lightweight vehicle and powertrain structures. Enginuity made recommendations on how to improve the accessibility of training and qualifications, how to attract young people and career changers into the sector, and how to increase diversity within the workforce.

People and Skills in Science, Technology, Engineering and Maths

In 2022, Enginuity responded to the House of Lords Science and Technology Committee's inquiry into 'People and Skills in Science, Technology, Engineering and Maths' in the UK. The inquiry was launched to assess whether the UK has a sufficiently skilled workforce to become a 'science and technology superpower' as part of the development of a National Science Strategy. Dame Judith Hackett DBE appeared as an expert witness at the committee in October 2022 and submitted additional written evidence in relation to the STEM skills gap, the role of cultural influences in boosting the uptake of STEM careers, methods to encourage highly skilled

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

individuals to teach STEM subjects, and the importance of STEM careers information in schools. In addition, evidence was provided on the need to increase engineering and manufacturing apprenticeships, how to address low levels of participation in apprenticeships by under-represented groups, and the need to reform the Apprenticeship Levy.

New GCSEs for Wales

Qualifications Wales is working to create new 'Made-for-Wales' GCSEs to support the curriculum for young people aged 14-16. In December 2022, Enginuity responded to a consultation on a proposed new GCSE in engineering, providing views on its suitability for the needs of the sector in Wales. Enginuity was instrumental in collecting the views of partners and stakeholders all of whom were strongly supportive of the addition of this subject to the GCSE portfolio in the belief that it will provide the cohort with the foundation skills and understanding to progress their educational and career ambitions, and also increase the prestige of the subject. Enginuity recommended that Qualifications Wales also considered ways to support the pipeline from ages 3-11 and addressed barriers to participation by under-represented groups. It was also recommended that Qualifications Wales reconsiders its plan to delay the introduction of GCSE Engineering beyond September 2025.

Fit for the Future: Growing and sustaining engineering and technology apprenticeships

In January 2023, Lord Knight, and Lord Willetts, alongside Engineering UK, launched an inquiry into the decline in engineering, manufacturing, and technology-based apprenticeships in the UK. Enginuity's response to the enquiry included recommendations that the sector engages with a seven-point agenda to energise apprenticeships included incentivising parity of esteem with academic qualifications, transforming the Apprenticeship Levy to support flexible training, reviewing apprenticeship salaries, and supporting employers to help apprentices with their English and maths skills.

The nine remaining consultations were:

- Office for National Statistics: Defining and measuring green jobs (November 2022)
- HMRC: Improving data collection from its customers (November 2022)
- Department for Business, Energy, and Industrial Strategy: Net Zero review (November 2022)
- Institute for Apprenticeships and Technical Education: The Big Conversation (December 2022)
- James Withers' Skills Delivery Independent Review (December 2022)
- Office for National Statistics: change to draft SOC Extension Framework (December 2022)
- Scottish Government: Independent Review of Qualifications and Assessment (January 2023)
- Professor Hayward's Independent Review of Qualifications and Assessment (January 2023)
- Institute for Apprenticeships and Technical Education: Proposed changes to the mandatory qualifications criteria (February 2023)

Partnerships and strategic engagement

National Manufacturing Skills Taskforce

As a leader of the National Manufacturing Skills Taskforce, Enginuity has been instrumental in influencing policy as part of a broad group of organisations operating in sectors from food and drink to pharmaceuticals and life sciences.

UK Shipbuilding Skills Taskforce (UKSST)

Launched in July 2022, the UKSST was set up by the Department for Education and the National Shipbuilding Office. It is designed to identify the skills needed by the sector and to provide solutions to skills shortages, particularly those relating to new and emerging technologies. Enginuity was successful in a competitive process and appointed as one of 18 organisations now working on this project to develop a future-focused skills strategy for shipbuilding across the four nations of the UK. During National

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TRUSTEES'/DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

Apprenticeships Week in February 2023, as part of a visit to Camel Laird, Enginuity and other Taskforce members presented their views to Ben Wallace MP, Secretary of State for Defence, and Secretary of State for Education, Gillian Keegan MP as part of the discovery phase, and Sarah Dhanda, Head of Policy & Partnerships for Enginuity presented an update from the People and Enablers workstream on which she leads. The project is set to conclude in December 2023.

Engineering and Manufacturing T Level partnership

Enginuity participates in the Engineering and Manufacturing T Levels group in tandem with the Royal Academy of Engineering, Make UK, the Gatsby Foundation, and the Department for Education. Objectives include supporting the delivery and implementation of T Levels amongst practitioners, employers, and students through the provision of bespoke resources, professional development opportunities, networking opportunities and support for industry placements.

Automotive Council UK Skills Working Group

Working alongside government and sector employers, Enginuity led the establishment of a significant project to enable adults to upskill within the automotive sector as the industry experiences a major transition to zero-emission technologies. The sector believes that over 80 per cent of job roles that involve powertrain competencies today will require significant reskilling or upskilling within the next decade. This is a major challenge as the manufacture of EVs will require specialist skills in battery technology, power electronics, electric machines, and electrified systems. However, the current training identification and delivery systems do not readily enable the take-up of appropriate upskilling and reskilling training, especially for smaller businesses and individuals.

The Automotive Upskilling Pilot Project, supported by the Department for Business and Trade and regional sector partners, will bring together stakeholders across the sector to build on the work of the National Electrification Skills Framework and Forum (NESFF) and the DfE Emerging Skills Programme to develop an intelligent, online platform to provide insight into skills opportunities and link employers' needs to appropriate training provision. It is expected that the platform will provide information, advice and resources for upskilling and reskilling the existing workforce across the UK automotive sector.

Aerospace Growth Partnership Skills Working Group

Set up to focus on delivering the high-level skills required by the UK aerospace sector and meet current and future growth opportunities, Enginuity contributed to multiple sector-based skills working groups and a round table discussion at the Farnborough International Airshow in 2022. It hosted activities for young people as part of 'Farnborough Friday' enabling young people to engage with the Skills Miner aerospace game.

Apprenticeships in Manufacturing (AiM)

In February 2022, Enginuity became one of the nine founding members of the AiM group partnership between industry and government to grow the number of high-quality apprenticeships in the manufacturing sector. A pilot process for placing apprenticeship applicants across the supply chain is currently under development with UCAS and Maritime Solent and the Solent Apprenticeship and Skills Hub.

Teesside University partnership

Enginuity secured postgraduate research funding from Innovate UK to help SMEs understand their existing skills and capabilities, and those they will need in the future, with the aim of implementing support strategies to help them fulfil their requirements.

Enginuity will fund two scholarships to support students from underrepresented backgrounds to study postgraduate degrees in artificial intelligence (AI) and data science at Teesside University. In agreeing to fund two scholarships, the Office for AI will fund a further six. It is Enginuity's wish that the eight individuals will be partnered with local engineering SMEs so that benefit can be given to SMEs in addition to the individuals. The university is one of 30 UK institutions chosen by the Office for Students (OfS) to receive a share of £8.1M funding from the Department for Science, Innovation and Technology (DSIT) and Office for Artificial Intelligence (OAI) to provide the scholarships aimed at increasing diversity in AI and data science.

2. Digital skills solutions (Income £30k, Expenditure £905k)

During the last year, significant progress has been made in refining Enginuity's portfolio of digital and data products. The digital skills solutions that the team has created are based on engineering sector data combined with Enginuity's deep understanding of the skills challenges affecting the sector and designed to deliver multiple interventions throughout the UK engineering and manufacturing skills pipeline.

Helping engineers to see career opportunities and employers to upskill

Designed to support engineering employers, our products, underpinned by the Skills Framework, highlight the diverse range of skills that are applicable across the engineering industry. Our objective is to equip employers to meet future skills demands and to highlight to individuals and employers the transferable skills within roles that are valid across other sectors. Increasing the transferability of the current workforce will help to create a more adaptable and resilient industry. This objective is delivered through a series of digital skills products underpinned by our bespoke and powerful Skills Framework.

Skills Framework

The Enginuity Skills Framework provides key information on a wide range of occupations, job roles, work activities, and skills found in the engineering and manufacturing sectors. Designed as a common skills language for the sector, the framework explores the connections between careers, skills, and employer-led demand, and can be used to provide the sector with:

- a better understanding of labour market trends.
- a means to enable planning for future changes to labour markets.
- improved careers information services for individuals.

Role Explorer

Designed for both employers and individuals researching engineering and manufacturing roles in detail, the Enginuity Role Explorer is a comprehensive data-driven collection of careers, job roles, work activities, and transferable skills. Unlike traditional career resources, our product is powered by the extensive Enginuity Skills Framework and utilises demand from employers and data from live job postings to give users a clear and interactive way to navigate the ever-changing skills landscape. The Role Explorer will be a go-to resource for employers and individuals looking to understand the engineering and manufacturing field.

The Role Explorer use cases include:

- **Career exploration:** students and young adults can use the library to explore various engineering and manufacturing careers, learn about the different job roles, and understand the skills required for each.
- **Transferable skills:** the careers library allows employers to identify and understand other engineering roles with similar skills and is an important tool to facilitate upskilling and reskilling.
- **Industry research:** researchers and analysts can study labour market trends, demand for skills and emerging sectors within engineering and manufacturing.
- **Educational guidance:** educators and career advisors can use the library as a resource to guide students towards suitable engineering and manufacturing careers based on their interests and aptitude.
- **Career switch:** professionals considering a change of career can utilise the library to research new engineering and manufacturing roles, understand the required skills and identify transferable skills from their current occupation.
- **Support for jobseekers:** Jobcentre Plus can use the library to help unemployed individuals identify suitable engineering and manufacturing roles, develop their skills, and prepare for interviews.

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

Career Converter

The Career Converter tool is a versatile web application which helps employers and individuals to identify and understand transferable skills which are often hidden.

Individuals can:

- discover relevant role matches.
- compare roles and identified skills gaps.
- access guidance on learning opportunities.

Employers can:

- identify transferable skills and recruit from other sectors and roles not previously considered a match.
- compare roles and identified skills gaps.
- enhance and support business growth.

Career agencies can:

- deliver personalised recommendations.
- identify career paths and training opportunities.
- enhance customer satisfaction and business growth.

Career Converter in action

The Cell and Gene Therapy Catapult is an independent innovation and technology organisation committed to the advancement of cell and gene therapies with a vision of a thriving industry delivering life changing advanced therapies to the world. Dependant on a robust talent pipeline to fill a predicted 10,000 job vacancies by 2026, there is an urgent need to prioritise skills provision to continue the substantial growth of the UK's advanced therapies sector. The Catapult approached Enginuity to help promote employment opportunities in the industry showcasing how transferable skills could enable individuals to switch from different sectors and roles.

Enginuity introduced CGT Catapult to its interactive Career Converter tool which enables individuals to identify comparable occupations and transferable skills across multiple industry sectors. Career Converter is embedded within the CGT Catapult's Advanced Therapy Skills Training Network website and has attracted 1,200 page views over the last 12 months. The Catapult has plans to further promote engagement with the Career Converter tool through a partnership with the Ministry of Defence's Career Transition Partnership which is accessed by around 12,000 ex-military personnel each year.

Enspire Suite of Products: inspiring and engaging young people about engineering and engineering careers

Skills Miner (£94k)

Built on the popular gaming platform Minecraft, a range of Skills Miner interactive games have been professionally curated and built to reflect specific industry challenges, introducing school pupils to ideas for STEM careers. In November 2022, Enginuity added vertical farming to its portfolio that already included aerospace and home energy games. Launched during Digital Manufacturing Week, the vertical farming game attracted widespread social and regional media coverage with a reach of 405,000 individuals and an equivalent advertising cost of over £13k.

Overall, more than 230 downloads of Skills Miner by teachers were recorded during 2022-23, and over 1,000 active players have engaged with the game. As well as being enjoyable to play, the games are designed to incorporate elements of the national curriculum and have been endorsed by the Skills Builder Partnership as contributing to the achievement of eight essential life skills mapped to Gatsby Benchmarks.

The Skills Miner platform has enjoyed significant engagement over the last year including:

- At RAF Cosford Museum in June 2022 and at three school events reaching 185 school pupils aged 9-14 and their teachers.
- At the Farnborough Airshow in July 2022 reaching around 200 pupils as part of Farnborough Friday in partnership with GKN.
- At Techniquist in Cardiff in June 2022 where Skills Miner training was delivered to teachers and STEM ambassadors
- During Digital Manufacturing Week in November 2022 which saw 115 pupils take part in Skills Miner activities.

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

Enginuity commissioned a research study by ChildWise which conducted a survey of 1,179 school pupils aged 11-14 and 206 teachers. The Skills Miner experience delivered an approval rating of almost 4 out of 5 by pupils and teachers as an outcome of this research. The majority of teachers welcomed the Skills Miner concept with two thirds agreeing that its implementation in a school environment would be 'very useful'. Feedback was highly positive with pupils valuing an approach that includes detailed job descriptions alongside interactivity and game-based learning. Teachers welcomed real life career examples and case studies. The ChildWise research outcomes provided positive confirmation of Enginuity's proposed strategy to introduce gamification of the national curriculum.

During 2022-23, a new interactive city map was developed in which pupils are able to navigate a range of industry zones and access relevant job information, pathways, and case studies as well as links to the existing minigames. Qualitative research was conducted with 16 pupils aged 11-14 and six STEM teachers in January – February 2023 to explore this 'Enspire City' concept. Feedback on the concept of an interactive city was overwhelmingly positive with every student welcoming the opportunity to explore engineering careers in this way. To date, around 2,000 young people have engaged with the interactive map and it will be available to all schools from Autumn 2023.

3. Certification (Income £201k, costs £126k)

Enginuity is a member of the Federation of Industry Sector Skills and Standards (FISSS) and is approved to process apprenticeship registrations and certifications in the Apprenticeship Certification England (ACE), Apprenticeship Certification Wales (ACW) and Modern Apprenticeship Certification Scotland (MA Online) systems on behalf of the engineering and manufacturing sector.

Certificates authorised	2022-23
England (ACE)	4,000
Wales (ACW)	1,260
Scotland (MA Online)	1,434
Total:	6,694

Enginuity plays an important role in validating learners' qualifications and evidence against the requirements of the various apprenticeships in engineering and manufacturing across the four nations. Only when Enginuity is satisfied that the requirements have been met will a certificate be issued. During 2022-23, Enginuity was responsible for producing around 7,000 certificates attracting a net income of approximately £200,000.

4. Frameworks (Income £126k, Costs £57k)

National Occupational Standards (NOS)

Enginuity is responsible for maintaining and updating a range of around 200 National Occupational Standards, used in Wales, Scotland, and Northern Ireland as a basis for their qualifications' suite, adding new NOS in response to industry demand. During the last year, Enginuity has developed new standards for the advanced manufacturing sector.

Skills Development Scotland (SDS)

Scotland Skills Delivery Independent Review

Enginuity worked with Skills Development Scotland as part of a broad technical consultation to review the system for skills delivery including a new methodology for the development of apprenticeships, a new framework for engineering apprenticeships, and routes for adult upskilling and reskilling in response to regional planning priorities.

Enginuity's response highlighted the importance of understanding and responding to labour and skills demand, and of attracting young people into STEM careers. Enginuity also highlighted the importance of parity of esteem for apprenticeships, and the need to support progression from modern to graduate apprenticeships.

As part of the review, Enginuity emphasised the importance of sufficient funding to deliver the principles of the National Occupational Standards strategy through an effective three-year rolling plan of rationalisation and updating. Enginuity highlighted the need to further develop modular qualifications and career transitioning tools to support the upskilling and reskilling of existing experience employees to meet changing skills requirements.

Scottish Engineering Apprenticeships

Enginuity worked closely with Skills Development Scotland using the new prescribed model for developing apprenticeships in Scotland to develop a new Engineering apprenticeship standard putting employers at the very heart of its development, creating new routes and pathways for vocational competence learning for those entering or requiring upskilling in the sector. Enginuity also made a valuable contribution to the evolving model of apprenticeship development in Scotland to ensure that the apprenticeship system remains agile in meeting future industry skills needs.

Qualifications Wales

Working with Qualifications Wales, Enginuity reviewed engineering and manufacturing apprenticeships for Wales, and updated existing frameworks to ensure qualifications are fit for purpose through a steering group that included representation from employers and further education colleges.

6. ACHIEVEMENTS & PERFORMANCE

EAL has achieved an exceptional level of performance in the last year, exceeding expectations, and meeting all of its financial targets. With the customer at the heart of its ethos, EAL has made significant progress on its transformation journey and has laid solid foundations on which to build a consistent high quality of service for the future.

Against a challenging backdrop, particularly affecting apprenticeships, EAL continues to grow its capacity and capability to support the industries we serve by growing and upskilling its own workforce by an additional 28%. Its investment in technology has already seen an improving customer journey and enabled EAL to streamline its processes across a range of customer facing activities. The last year has seen a strong evolution in products and services coupled with significant improvements in service delivery, validated by positive customer feedback.

Customer experience highlights

During 2022-23, EAL has registered over 77,500 students and issued certificates to around 67,200 in recognition of their achievements. It has seen significant growth in End Point Assessment volumes, almost doubling those of the previous year, and was proud to quality-assure its 5,000th EPA. In total, EAL has delivered more than 2,500 EPAs with a 98.2 per cent first-time pass rate and an overall pass rate of 98.7 per cent. At 83.3 per cent, EAL's customer satisfaction index (CSI), is above benchmark, with over 50 per cent of clients rating EAL as world-class on Net Promoter Score outcomes.

During the last year, EAL launched eight new qualifications, three new EPA standards and 16 new EAL-approved courses and has continued to review and maintain its existing portfolio of products alongside a brand refresh. EAL now successfully works with 701 centres offering 280 qualifications including more regulated engineering qualifications than any other awarding organisation.

Transformation and digital developments

EAL has continued its transformation journey putting the customer at the heart of its business through its strategic pillars of People, Technology and Processes. It is working to digitise or automate processes wherever possible and is making significant progress on future state mapping across all business areas. Initiatives during the last year saved over 6,300 working hours, liberating resource to focus elsewhere.

EAL has made significant progress with its data analytics and insights transformation programme starting with work to develop its strategy for Centre Assessments Standard Scrutiny reporting. This enables the organisation to improve quality and compliance, meet regulatory requirements and provide up-to-date management information for business planning.

March 2023 saw the successful launch of EAL Connect, a single sign-on portal designed to streamline the process for awarding certification. The platform is helping to improve customer self-service capability offering a one stop shop for all centre support requirements from registering and certifying students, and scheduling examinations, to administering End Point Assessment.

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

The launch saw more than 8,000 interactions within its first month of operation. A new Intercom live chat feature provides customer support for self-service enhancing query resolution rates with live chat usage seeing an increase of 120 per cent on the previous year. EAL will launch its E-certify digital-first certification process as part of a drive to a more sustainable future.

Quality assurance, compliance, and governance

EAL has made a full review of all its policies and processes that support quality assurance, compliance, and governance. It has worked with Ofqual on the implementation of a Centre Assessment Scrutiny Strategy (CASS), introducing a new assurance framework as part of a culture of transparency and ownership. EAL is proud to have retained a low-risk rating as part of an SQA regulatory audit.

Brand and engagement

The organisation continues to raise its profile through far-reaching engagement with stakeholders that includes support for ten trailblazer groups working to develop and improve existing occupational standards and qualifications. Its support for the Battery Manufacturing Trailblazer Group as it works to develop an occupational standard for this critical aspect of UK infrastructure, is unique amongst awarding organisations.

EAL is strengthening its brand voice and raising its profile by providing sponsorship support to partner organisations including the Engineering Trust and In-Comm and is enabling Truro & Penwith College to celebrate the achievement of its apprentices. EAL is proud to continue its long-standing support as one of the lead sponsors of the Enginuity Skills Awards.

EAL continues to focus to position itself as the specialist awarding organisation of first choice for the engineering and manufacturing sector and continues to work with industry, educators, partners, and policy makers, using data insight, intelligence and horizon scanning through its networks to help inform its understanding of the direction of change within the sector, enabling the development of the optimum products and services to drive a sustainable future.

Products and services

Over the last year, EAL has reviewed and approved under the 'EAL Approved' range 16 new courses with customers such as HETA and the Farraday Centre. Eight new qualifications were successfully brought to market, including for machining, gas engineering, fire and security, wind turbine, lift and escalator, and digital engineering. Three new apprenticeship End Point Assessment standards, including the first to be approved for the new machining technician standard, have been added to an expanding offer bringing the total to 31.

EAL worked alongside City & Guilds to develop and support the implementation of T levels in building services, engineering and manufacturing, including contributing to webinars and supporting events such as the Advanced Engineering Show through our engagement activities.

EAL continues to work across the four nations to ensure that its products and services remain relevant and fit for purpose. The last year saw the rollout of new Level 3 apprenticeship qualifications in Wales, and support for centres continues through the initial delivery stage.

Future plans

EAL has secured approval from the Board for its ten-year vision, which encompasses ambitious customer, product development, and green and sustainable growth strategies designed to elevate and expand the EAL business and support Enginuity in the achievement of its charitable objects. EAL aims to elevate its position and expand market share on its journey as a progressive awarding and End Point Assessment organisation working to address the skills needs for a sustainable future world.

EAL continues to play a crucial role in the design, development, and implementation of technical qualifications across the nations including supporting T levels in England and new technical qualifications in Wales.

The EAL Advisory Group representing key stakeholders across all nations for the UK will provide additional insight and intelligence to ensure that EAL continues to stay at the forefront of awarding and End Point Assessment services which will further enhance its product and service development and prioritisation of initiatives based on stakeholder input.

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

EAL continues to address the sustainability agenda, helping the UK to chart its course to Net Zero through the development of its existing portfolio of learning solutions with the skills and knowledge needed for the current and future world of work. It is focused on responding to emerging technology with new products and services that enable the upskilling and reskilling of individuals and the transformation of job families rooted in sustainability.

The year ahead will see the launch of the EAL Academy, which is designed to upskill and reskill colleagues through workforce development planning and by identifying skills gaps and priorities for training and development with a focus on sustainability.

EAL will accelerate its transformation journey with a £2M investment in People, Technology and Processes and the further development of its brand, as well as additional investment in employer and stakeholder engagement. Work has already begun to redesign and relaunch the EAL website to better reflect strategic aspirations and drive brand awareness for the benefit of its clients and the wider sector.

Our people achievements

Health and wellbeing

During 2022-23, Enginuity maintained its focus on supporting the health and wellbeing of all our employees. We are working hard to embed wellbeing as part of our culture and include mental health awareness training for all colleagues during induction. We have introduced a new 'Wellbeing Index' measurement which enables us to review trends and take targeted action in response. Wellbeing appears as a standing item as part of the Employee Voice Forum and all managers take part in Managing Mental Health training. We support a range of additional activities including:

- Informal meetings with Mental Health First Aiders.
- Lunch and learn events on topics such as menopause and neurodiversity.
- Awareness sessions to highlight the benefits of our Employee Assistance Programme.

In addition, employees benefit from access to wellbeing resources from the This Can Happen Friends programme. Last year, we particularly focused on financial wellbeing working with HSBC to deliver financial awareness webinars.

Diversity and inclusion

We strive to provide an inclusive working environment where everyone feels welcome, recognising that those who feel supported at work are more likely to perform well and provide the best levels of service to colleagues and customers. In our 2022 survey, 88 per cent of employees agreed that they feel comfortable with being themselves at work.

We understand the benefits of a diverse and inclusive workforce and are striving to develop a culture where these values are embedded in the day-to-day experience of all colleagues. In April 2022 we were awarded the Bronze standard by Clear Assured, a globally recognised accreditation that supports organisations to embed equality, diversity, and inclusion within their workplaces. We are now working towards Silver accreditation. We are a Menopause Friendly organisation and have introduced programmes of awareness, opportunities for training, guidance, and support for individuals across the Enginuity group. We are proud to be a Disability Confident Committed Employer and are progressing towards the next level. We are working to ensure that our recruitment process supports accessibility, and that we are able to make reasonable adjustments to support new and existing employees with disabilities. We engaged a neurodiversity specialist during the last year to identify areas for improvement.

In 2022, we partnered with the Association for Black and Minority Ethnic Engineers (AFBE) which is supporting us with our diversity strategy. We are signatories of the Tech Talent Charter which aims to drive diversity and inclusion within technology occupations.

Employee engagement and communications

As a remote-first business, Enginuity works hard to maintain clear channels of communication with colleagues, listening to feedback as we continue our journey to make Enginuity a great place to work. In 2022, we

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

introduced our new employee voice platform, Hive, which enables us to conduct engagement surveys on a range of topics from leadership and development to wellbeing and reward.

Every team works on actions to address survey outcomes, shaping improvements and celebrating success. Between the initial full survey in the summer of 2022, and the pulse survey in December 2022, our employee engagement score increased from 7 to 7.4 and we registered an 11-point improvement in our employee Net Promoter Score.

Our Employee Voice Forum provides feedback, suggestions and ideas to the executive leadership team and we maintain a number of communications channels to keep everyone up to date with business activities. Actions include a refreshed intranet site and a new format for business updates.

Learning and development

A key aspect of our culture, we encourage everyone to own their personal and professional development and review this at least quarterly with their line manager. In 2022-23, employees completed 1,700 hours of training and development activities ranging from e-learning, face to face training courses, work shadowing, and individual support.

We have seen an increase (to 15 per cent) in the number of colleagues taking advantage of our volunteering scheme which provides paid leave to engage in community activities. Colleagues report that their volunteering experiences support the development of transferable skills.

Pay and reward

Several changes have been made to our system of benefits as a result of a review of pay and reward in 2022-23. These include increased annual leave, and a holiday purchase scheme. Remco and the Board have approved the first phase of a pay and reward strategy for implementation during 2023-24.

Looking ahead

Enginuity plans to launch a comprehensive leadership and management development programme, 'Lead to Succeed', with the aim of enhancing the leadership skills of all managers to drive higher levels of engagement and performance. We will implement a new HR system to improve efficiencies, enhance user experience and enable better reporting to support data-driven decision-making.

We plan to continue workforce and succession planning, supporting the development of the EAL Academy and focusing on colleague development. We will deliver against the recommendations from the review of internal communications to ensure that colleagues feel engaged and inspired and are able to carry out their roles effectively.

7. FINANCIAL REVIEW

The Consolidated Statement of Financial Activities for the year ended 31 March 2023 shows a net increase in funds of £1,064k (2021/22 increase of £3,502k).

The key drivers of the financial result were:

- Better than anticipated financial performance by EAL, with growth in EPA services.
- Less spent on charitable activities than in previous years.

Investments saw an unrealised loss of £1,264k for the year ending 31st March 2023 (2022 gain of £1,985k).

The Charity's funding is derived from the subsidiaries' profits, and from delivering projects which address the productivity and skills development needs of employers and employees within the engineering sector.

The two trading subsidiaries produced a net surplus of £4,199k (21/22 net surplus of £2,949k).

The results of the trading subsidiaries are detailed in Note 3(b).

8. **INVESTMENTS**

The Board's policy, reviewed annually, requires its investments to be managed actively in line with an agreed approach which ensures that appropriate levels of targeted risk is adopted and return is achieved.

The long-term investment return expectations from the portfolio are set as a total return of inflation plus 3.5% per annum, after expenses.

The performance of the portfolio is reviewed quarterly by the Investment Committee in conjunction with the Investment Managers. Market performance is monitored by Portfolio Manager Consultancy Limited who report to the Committee every quarter.

The Investment Fund generated an investment income of £862k (2022 £792k). The overall value of the Investment Fund decreased by £1,264k (2022 gain of £1,985k). The investment in EAL £50k previously impaired has been restated for this current year.

9. **KEY RISKS AND UNCERTAINTIES DISCLOSURES**

The dynamic status of skills infrastructure systems and processes always holds the potential to impact on the activities of Enginuity and EAL. The last financial year has seen ongoing change and uncertainty presenting challenges to both organisations and we have responded with agility. The main risks to the business exist are driven by the political and economic landscape leading to market volatility, impacts to EAL product and service offering and overall impact on the sector. Recruitment challenges continue for some key posts.

The development and market launch of practical solutions underpinned by sophisticated data engineering and technology platforms represents a completely new approach for both Enginuity and the sector. Although testing amongst beneficiaries has yielded positive feedback, the risk remains that the new products and services may not deliver the anticipated level of public benefit.

Continuing uncertainty within the global political and economic arena have the ability to impact on Enginuity especially if this leads to negative growth within the engineering and manufacturing sector or reduces the performance of the investment fund on which we depend to finance our activities. Mitigating actions are in place against all strategic risks to help ensure that the group remains financially stable and maintains its agility in responding to external conditions.

10. **PLANS FOR FUTURE PERIODS**

As part of our ambition to secure a sustainable future for Enginuity, the year ahead will see us consolidate our position as an authoritative voice within the engineering and manufacturing sector. We will continue to contribute at the highest level to influence the debate and promote action to boost skills development with the sector.

Our expert team will work to ensure that employers and individuals continue to benefit from the digital skills solutions underpinned by our unique and robust Skills Framework platform. We will create opportunities for young people to explore and discover potential STEM-based careers through our suite of interactive tools and online games which will launch in summer 2023.

New for 2023, Enginuity has developed a suite of products designed to help the engineering and manufacturing sector to make long term planning decisions via horizon scanning to automate the amplification of weak signals on emerging issues, and megatrend analysis to enable the exploration of largescale developments in their likely impact.

We expect to deliver ground-breaking insights to industry exposing the challenges and opportunities within the sector making recommendations and enabling collaboration between stakeholders to effectively connect organisations within engineering and manufacturing. A 'Future of Manufacturing' commentary will be developed based on megatrend analysis, and a sentiment tracker will gather data to boost understanding of attitudes and perceptions of specific industry themes.

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

Enginuity Skills Awards

The Enginuity Skills Awards is an annual celebration of the people and organisations whose commitment to engineering and manufacturing skills is safeguarding the future of our industries. Following its launch last year, the number of entries received has been 62 per cent higher than in the previous year. The 2023 ceremony is due to take place at a new venue, the Park Plaza London Riverbank on 29 June 2023. Enginuity has worked proactively, with award sponsors and other partners, to ensure that the process is as inclusive, accessible, and diverse as possible. The eleven awards due to be presented include three new categories for 2023 Today's Engineering Visionary, Apprentice Employer of the Year, and Platinum Industrial Cadet.

Opportunities for the future

Having launched an Opportunity Fund to help mitigate the negative impact of the cost-of-living crisis on engineering and manufacturing apprentices, we will work to provide help and support with their learning over the next fiscal year.

We will continue to derive benefit from our Knowledge Transfer Partnership with Teesside University, supported by Innovate UK, which will provide us with postgraduate resource to devise a strategy enabling small and medium-sized businesses (SMEs) to understand their skills base and conduct succession planning to fulfil future demand.

Enginuity provided funding for 12 apprentices from the Science and Technology Facilities Council to make a two-day visit to the European Council for Nuclear Research (CERN) in Switzerland in April 2023. We will seek to evaluate this pilot and present plans to the board to increase the impact we can make via bursaries and direct funding.

Website and brand relaunch

During 2023-24, Enginuity will complete its work to redevelop and relaunch its brand and website, providing an improved platform to showcase its interventions and the benefits that can be derived from engaging with our resources. The website has been designed and built to be maintained in-house and kept up to date with the latest available content.

11. PENSIONS LIABILITIES

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Enginuity is a participating employer to a defined benefit scheme administered by ITB Pension Funds. A defined benefit scheme is a pension plan under which the company pays fixed pension to its employees. As a member of the multi-employer scheme where the assets and liabilities are not identifiable, Enginuity has accounted for the scheme as a defined contribution scheme to comply with the provisions of FRS 102. Pension contributions are charged to the consolidated Statement of Financial Activities so as to spread the regular cost of the pensions and related benefits over the employees' working lives.

The total cost to the company under both schemes for the year was £259,715 (2022: £233,478).

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

12. RESERVES

The Board reviews its Reserves Policy on an annual basis. The key principle is that we maintain our ability to quickly recover from financial shocks and stress. During the year there was a significant change in the Section 75 pension debt calculation, leading to a thorough review of our Reserves Policy.

Taking a largely expenditure cover-based approach, our reserves policy is to hold £25m, as set out in the table below.

Reserve	£
Pension S75 debt provision	3,200,000
Deferred Income	4,667,162
Cover for 12 months expenditure	16,849,000
Close down costs	795,000
Total Reserves Policy	25,511,162

This leaves a surplus over Reserves Policy of £9.1M. The Board intends to use this surplus over the next five to ten years, investing in a programme of charitable activities, starting with our programme for next year as set out in the 'Plans for Future Periods' section of this report.

13. GOING CONCERN

The Trustees consider that there are no material uncertainties about Enginuity's ability to continue as a going concern. With regard to future years, the most significant area of uncertainty is around government funding of qualifications. This is covered in more detail in the 'Key risks and uncertainties' section of the Trustees' annual report. The level of reserves, including an excess of £9.3M over the Reserves Policy will enable the Group to carry out its current charitable activities at the planned and budgeted level for a considerable period, whilst also allowing it the time to develop alternative sources of funding, should government funding of qualifications significantly change, having a material impact on the surplus generated by EAL.

14. KEY MANAGEMENT PERSONNEL REMUNERATION POLICY

An annual benchmarking exercise is conducted which involves reviewing other organisations within the same/similar industries and additionally, the Charities and Public sectors. Recommendations are then made to the Remuneration and Pensions Committee where a final decision is made as to the total reward and remuneration package.

15. STATEMENT OF TRUSTEES (BOARD MEMBERS) RESPONSIBILITIES

The trustees (who are also directors of Enginuity for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law/Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law/charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity 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 accounting 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 charitable group will continue in business.

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TRUSTEES'/DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2023

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006/Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable 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 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 steps that he/she is obliged to take as a director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

In accordance with the Companies Act 2006, a resolution will be proposed at the General Meeting that Crowe U.K. LLP will be reappointed as auditor to the charitable company for the ensuing year.

This report, which incorporates the Strategic Report, was approved by the Board on 28 September 2023 and signed on its behalf by:



J Hackitt
Chair
Enginuity
Unit 2, The Orient Centre
Greycaine Road
Watford
WD24 7GP

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINUITY FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Enginuity (the "charitable company") and its subsidiaries (the "group") for the year ended 31st March 2023 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Charity Balance Sheet, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 groups and the charitable company's affairs as at 31st March 2023 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

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 group 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINUIITY (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

- 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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:

- the parent company has not kept adequate or proper accounting records or
- the parent 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 18-19, 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 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 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGINUIITY (continued)
FOR THE YEAR ENDED 31 MARCH 2023**

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context were the Companies Act 2006 and relevant Taxation legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be necessary to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context were Ofqual.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, as well as override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, testing a sample of revenue across the year to agree to supporting documentation and testing cut-off to ensure that it has been recognized in the correct period, reviewing the systems and controls in place surrounding income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our 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.



Tara Westcott
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham, GL50 3PR
Date: 10 October 2023

ENGINEUITY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating Income and Expenditure) FOR THE YEAR ENDED 31 MARCH 2023

INCOME AND EXPENDITURE

		2023	2022
	Notes	£'000	Restated £'000
Income			
<i>Other trading activities</i>			
Income from trading subsidiaries	3b	12,104	10,260
<i>Investment income</i>	8	862	792
<i>Charitable activities</i>			
Externally funded projects	3a	30	711
Other	3a	328	264
Total income		13,324	12,027
Expenditure on			
<i>Raising funds</i>			
Expenditure of trading subsidiaries	3b	7,905	7,311
Investment managers' fees		60	56
Total cost of raising funds		7,965	7,367
Charitable activities:			
Promoting & representing the sector		118	278
Digital skills solutions		1,493	1,743
Certification		478	206
Frameworks		175	202
Partnerships, policies & strategic engagement		556	675
Skills Miner		211	169
Total charitable activities	7	3,031	3,273
Total expenditure		10,996	10,640
Net income/(expenditure) before gains on Investments		2,328	1,387
Net (losses)/gains on investments	11	(1,264)	1,985
Net movements in funds		1,064	3,372
Total funds brought forward	20	33,562	30,190
Total funds carried forward	20	34,626	33,562

All activities are continuing.

The notes on pages 28 to 44 form part of the accounts.

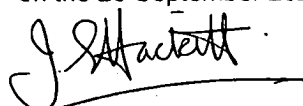
ENGINUITY

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2023

Company Number: 02324869 Charity Number: 1000328

	Notes	2023 £'000	2022 Restated £'000
FIXED ASSETS			
Tangible assets	10	-	26
Investments	11	31,406	32,670
Investment in subsidiaries		0	0
		<u>31,406</u>	<u>32,696</u>
CURRENT ASSETS			
Stocks	13	0	32
Debtors	14	1,986	1,864
Bank and cash balances		7,114	4,901
		<u>9,100</u>	<u>6,797</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	15	<u>(4,829)</u>	<u>(4,939)</u>
NET CURRENT ASSETS		<u>4,271</u>	<u>1,858</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>35,677</u>	<u>34,554</u>
CREDITORS: amounts falling due after one year	16	<u>(1,051)</u>	<u>(992)</u>
NET ASSETS	21	<u>34,626</u>	<u>33,562</u>
FUNDS AND RESERVES			
Unrestricted reserves	20	<u>34,626</u>	<u>33,562</u>

The financial statements were approved and authorised for issue by the Board on the 28 September 2023 and were signed below on its behalf by:



J Hackitt
Chair

The notes on pages 28 to 44 form part of the accounts.

ENGINEUITY

CHARITY BALANCE SHEET AT 31 MARCH 2023

Company Number: 02324869 Charity Number: 1000328

	Notes	2023 £'000	2022 Restated £'000
FIXED ASSETS			
Tangible assets	10	0	26
Investments	11	31,406	32,670
Investment in subsidiaries	12	50	0
		<u>31,456</u>	<u>32,696</u>
CURRENT ASSETS			
Debtors	14	2,173	1,097
Bank and cash balances		<u>1,667</u>	<u>552</u>
		3,840	1,649
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	15	<u>(730)</u>	<u>(892)</u>
NET CURRENT ASSETS		<u>3,110</u>	<u>757</u>
TOTAL ASSETS		34,566	33,453
CREDITORS: amounts falling due after one year			
	16	<u>0</u>	<u>0</u>
NET ASSETS	21	<u><u>34,566</u></u>	<u><u>33,453</u></u>
FUNDS AND RESERVES			
Unrestricted funds	20	<u><u>34,566</u></u>	<u><u>33,453</u></u>

In accordance with section 408 of the Companies Act 2006, a separate Statement of Financial Activities for the charity has not been presented. The result for the charity was a deficit £3,085k (2022: surplus £1,917k).

The financial statements were approved and authorised for issue by the Board on the 28 September 2023 and were signed below on its behalf by:



J Hackitt
Chair

The notes on pages 28 to 44 form part of the accounts.

ENGINUITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£'000	Restated £'000
Cash provided by / (used by) operating activities	a)	1,376	702
Cash flows from investing activities			
Investment income received		862	792
Payments to acquire investments		(18)	(36)
Cash withdrawn from investments		0	1,000
Receipts from the sale of investments		18	36
Cash provided by investing activities		862	1,792
Cash flow from financing activities			
Repayments of finance leases in the year		(30)	(81)
Interest paid on finance leases		5	5
Cash not provided by financing activities		(25)	(76)
Net increase in cash		2,213	2,418
Cash and cash equivalents at start of year		4,901	2,483
Cash and cash equivalents at end of year		7,114	4,901
Analysis of cash and cash equivalents			
Cash at bank and in hand		7,114	4,901

Refer to note b) for the analysis of changes in net debt.

The notes on pages 28 to 44 form part of the accounts.

CONSOLIDATED CASH FLOW STATEMENT (continued)
FOR THE YEAR ENDED 31 MARCH 2023

	At beginning of the year £	Cash flows £	Non cash movements £	At end of the year £
b) Analysis of changes in net debt				
Cash and cash equivalents	4,901	2,213	0	7,114
	<u>4,901</u>	<u>2,213</u>	<u>0</u>	<u>7,114</u>
Finance lease obligations due in 1 year	(25)	25	0	0
Finance lease obligations due in more than 1 year	0	0	0	0
	<u>4,876</u>	<u>2,238</u>	<u>0</u>	<u>7,114</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. GENERAL INFORMATION

Enginuity is a charitable company, limited by guarantee, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Advisors page. The nature of the charity's operations and its principal activities are outlined in the Trustees'/Directors' Report.

2. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty (see note 4) in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP 2nd Edition (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Enginuity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes. All of the expenditure incurred by the Enginuity is for charitable purposes.

The presentation currency and functional currency of the Charity is pounds sterling, and is rounded to the nearest thousand pounds.

Parent charitable company disclosure exemptions

In preparing the separate financial statements of the parent charitable company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent charitable company;
- Disclosures in respect of the parent charitable company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charitable company as their remuneration is included in the totals for the Group as a whole.

Going concern

The directors have assessed whether the use of the going concern basis is appropriate and have made this assessment based on a forecast for the parent company to the end of September 2024, and a budget for EAL to March 2025. The directors believe that the company's financial resources and contingency planning is sufficient to ensure the ability of the company to continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

The directors do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Financial statements

The financial statements consolidate the results of Enginuity and its subsidiaries on a line by line basis. Please see accounting note 3 for further details.

2. ACCOUNTING POLICIES (continued)

Incoming resources

Income represents the amount receivable for goods and services for the period but excludes value added tax and trade discounts.

All income is recognised once the charitable group has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

In 2023, EAL reviewed its accounting treatment of qualification registration income. Previously income was recognised all up front on registration of a learner. The change in policy has been adopted to defer a proportion of the learner qualification registration income based on the average length of time taken for a qualification to be completed. As a result the comparatives for 2022 have been restated.

All other Awarding income is taken at the point of invoicing.

Income from investments represents interest from bank deposits. Interest on funds held on deposit is recognised when receivable and the amount can be measured reliably by the charity, this is normally upon notification of the interest paid or payable by the bank.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Gift aid

The charity owns the whole of the issued ordinary share capital of Excellence Achievement & Learning Limited, and Enginuity Skills Limited (see note 12).

Enginuity is a registered charity and as such is entitled to certain tax exemptions on income and profit from investments and surpluses on trading activities carried out in the furtherance of the Charity's primary objectives if these profits and surpluses are applied solely for charitable purposes. The UK subsidiary companies give all their taxable profits to the Charity, normally resulting in no liability to corporation tax.

Gift aid is recognised on the accrual's basis in line with the deed of covenant.

Resources expended

Resources expended are included in the Statement of Financial Activities on an accrual's basis, inclusive of any VAT which cannot be recovered. Certain expenditure is directly attributable to specific activities and has been included in these cost categories. Support costs which cannot be directly allocated are apportioned across the categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Costs of raising funds are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Governance costs form part of support costs for the charity. These include the external audit fee and an assessment of the time spent undertaking company secretarial responsibilities.

All expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Interest expenses are charged to the Statement of Financial Activities over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

	Years
Office furniture	10
Equipment	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Fixed asset investments

Investments are stated at market value as at 31 March 2023. Realised and unrealised gains and losses are released or charged 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

We have changed our policy on stock holding, which related to stocks of blank certificates, as we move to E-Certificates. The existing carrying value of stock of £31,641 was written off in the year.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES (continued)

Financial Instruments

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Grants payable

Grants payable to other organisations are agreed as part of the Business Planning process. The cost is charged to the Statement of Financial Activities in the period to which the grant relates.

Fund accounting

The general reserve (unrestricted funds) comprises of those monies which may be used towards furthering the charitable objects.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis.

2. ACCOUNTING POLICIES (continued)**Pensions**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Enginuity is a participating employer to a defined benefit scheme administered by ITB Pension Funds. A defined benefit scheme is a pension plan under which the company pays fixed pension to its employees. As a member of the multi-employer scheme where the assets and liabilities are not identifiable, Enginuity has accounted for the scheme as a defined contribution scheme to comply with the provisions of FRS 102. Pension contributions are charged to the consolidated Statement of Financial Activities so as to spread the regular cost of the pensions and related benefits over the employees' working lives.

Judgements and key areas of estimation uncertainty

In preparing these financial statements, the trustees have had to make the following judgements:

Leases

Determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Impairment

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. INCOMING RESOURCES AND NET MOVEMENT IN FUNDS**a) Analysis of income**

The majority of group activities are conducted in the United Kingdom.

Excellence Achievement & Learning Limited (EAL) conducted business with centres outside the UK totalling £51,266 in the year (2022: £61,799).

ENGINUIITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

Analysis of Income (continued)

Externally funded projects income represents the contribution to Enginuity for staff time spent on projects funded by the UK government and other stakeholders, this income totalled £30,361 in the year (2022: £711,164).

Other income represents the charge to Enginuity customers for services provided by the charity. This relates to income generated through certification of learners, and development of National Occupation standards for devolved nations. This income totalled £328,461 in the year (2022: £264,272).

Income from trading subsidiaries represents the turnover of the charity's trading subsidiaries included in Enginuity's accounts.

3. INCOMING RESOURCES AND NET MOVEMENT IN FUNDS (CONTINUED)

b) Results of trading subsidiaries

The charity owns 100% of the allotted ordinary share capital of the following companies which are incorporated in the UK:

- Excellence Achievement & Learning Limited (EAL) is the awarding organisation for vocational qualifications primarily in the engineering sector.
- Enginuity Skills Limited delivers certain contracts and commitment for third parties in the engineering and manufacturing sectors which Enginuity the charity may not be able to enter into itself.

A summary of the trading results included in the consolidated accounts is shown below.

Audited accounts for each subsidiary entity have been filed with the Registrar of Companies.

	EAL £'000	Enginuity Skills Limited £'000	2023 Total £'000	2022 Restated Total £'000
Income:				
Income	12,075	29	12,104	10,260
Total Income:	12,075	29	12,104	10,260
Expenditure:				
Staff costs	3,433	3	3,436	2,819
Other operating charges	4,458	11	4,469	4,492
Total Expenditure:	7,891	14	7,905	7,311
Net surplus/(deficit)	4,184	15	4,199	2,949
Gift Aid to Enginuity	(4,184)	(15)	(4,199)	(2,949)
	0	0	0	0

ENGINEUITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

4. STAFF COSTS

Group	2023 £'000	2022 £'000
Wages and salaries	5,379	4,983
Social security charges	608	520
Other pension costs	260	234
	<u>6,247</u>	<u>5,737</u>

Included within wages and salaries are agency staff costs of nil (2022: nil) for the year. During the year the group made termination payments of £125,045 (2022: £254,566).

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

	2023 No.	2022 No.
By the Group		
Qualification awarding services	85	74
Support Services Staff	30	23
	<u>115</u>	<u>97</u>

Charity

The parent charity's staff costs are as follows:

	2023 £	2022 £
Wages and salaries	2,434	2,492
Social security charges	274	274
Other pension costs	106	131
	<u>2,814</u>	<u>2,897</u>

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

	2023 No.	2022 No.
Charitable Activities Delivery Staff	14	12
Support Services Staff	32	27
	<u>46</u>	<u>39</u>

ENGINEITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

STAFF COSTS (continued)

Emoluments of employees

The number of employees whose emoluments as defined for taxation purposes exceeded £60,000 per annum during the period was as follows:

	2023 No.	2022 No.
£60,001 - £70,000	15	11
£70,001 - £80,000	3	2
£80,001 - £90,000	2	2
£90,001 - £100,000	4	3
£100,001 - £110,000	0	1
£110,001 - £120,000	0	1
£120,001 - £130,000	0	0
£140,001 - £150,000	0	
		2
£150,001 - £160,000	0	0
£160,001 - £170,000	1	0
£170,001 - £180,000	0	1
£180,001 - £190,000		
£190,001 - £200,000	1	0
£280,001 - £290,000	1	0
Total	27	23

The total of key management personnel compensation for the year was £933,138 (2022: £818,718).

Trustees' remuneration

During the year, in accordance with the Articles of Association of the charity, payments were made to the Chairman totalling £40,367 (2022: £37,273). The total amount of expenditure reimbursed to three Board members in respect of expenses incurred on the charity's activities was £592 (2022: £992). No other trustees received any remuneration (2022: £Nil).

6. NET INCOMING RESOURCES

Net incoming resources are arrived at after charging the following:

	2023 £'000	2022 £'000
Auditor's remuneration		
- Audit services	24	22
- Tax compliance services	6	51
- Other non-audit services	5	35
Operating lease rentals-motor vehicles	99	86
Depreciation	25	79

Auditors' remuneration includes £4,840 in respect of the audit of the parent charity (2022: £4,400) and £19,360 in respect of the audit of the subsidiary undertakings (2022: £17,600). Fees in relation to non-audit services were £4,675 (2022: £35,000).

ENGINUITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

EXPENDITURE ON CHARITABLE ACTIVITIES

7.

	Staff No's	Direct costs £'000	Support costs £'000	2023 Total costs £
Promoting the sector (Skills Awards)	1	0	118	118
Digital Skills Solutions	5	905	588	1,493
Certification	3	126	352	478
Frameworks	1	57	118	175
Partnerships, policies & strategic engagement	3	203	353	556
Skills Miner	1	94	117	211
	<u>14</u>	<u>1,385</u>	<u>1,646</u>	<u>3,031</u>

	Staff No's	Direct costs £'000	Support costs £'000	2022 Total costs £'000
Promoting the sector (Skills Awards)	1	140	138	278
Digital Skills Solutions	5	1,053	690	1,743
Certification	1	68	138	206
Framework	1	64	138	202
Partnerships, policies & strategic engagement	3	261	414	675
Other charitable costs	1	30	139	169
	<u>12</u>	<u>1,616</u>	<u>1,657</u>	<u>3,273</u>

Support costs have been allocated across the charitable activities based on average full-time equivalent headcount in the charity, as this basis is consistent with the use of the resources. Governance costs are included within support costs and totalled £58,164 (2022: £63,691) for the period. Governance costs consist of Chairman's remuneration, group's audit fees and expenses reimbursed to Board members in respect of expenses incurred on the charity's activities.

8. INVESTMENT INCOME

	2023 £'000	2022 £'000
Income from fixed asset investments	862	792
	<u>862</u>	<u>792</u>

9. TAXATION

Enginuity 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.

ENGINEUITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

10. TANGIBLE FIXED ASSETS

	Office furniture & Equipment £'000	Total £'000
Group		
Cost		
At 1 April 2022	1,026	1,026
Disposals	(359)	(359)
At 31 March 2023	667	667
Depreciation		
At 1 April 2022	1,000	1,000
Disposals	(359)	(359)
Charge in year	26	26
At 31 March 2023	667	667
Net Book Value		
At 31 March 2023	0	0
At 31 March 2022	26	26
	Office furniture & equipment £'000	Total £'000
Charity		
Cost		
At 1 April 2022	724	724
Disposals	(58)	(58)
At 31 March 2023	666	666
Depreciation		
At 1 April 2022	698	698
Disposals	(58)	(58)
Charge in year	26	26
At 31 March 2023	666	666
Net Book Value		
At 31 March 2023	0	0
At 31 March 2022	26	26

The net book value of tangible fixed assets held under a finance lease for the group and the charity was £nil (2022: £25,064).

ENGINEITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

11 FIXED ASSET INVESTMENTS			2023	2022
	£'000	£'000	£'000	£'000
Group and Charity	COIF Charity Funds	BNY Mellon		
Balance 1 April 2022 at market value	24,873	5,662	30,536	28,550
Additions	18	0	18	36
Disposals	(18)	0	(18)	(36)
Unrealised Loss on revaluation	(905)	(359)	(1,264)	1,985
			<u>29,272</u>	<u>30,535</u>
Investment in subsidiaries			50	0
Cash awaiting investment	2,135	2,135	<u>2,135</u>	<u>2,135</u>
Balance at 31 March 2022 at market value			<u>31,457</u>	<u>32,670</u>
Historical cost of investments			<u>30,345</u>	<u>30,304</u>

The net loss on revaluation was £1,264k (2022: £1,985k).

Engineity has investments in the COIF Charity Funds totalling £24Mm equivalent to 1279238.83 units at year end. The investment is only available to charities within the meaning of section 1(1) of the Charities Act 2011.

	2023	2022
	£'000	£'000
COIF Charities investment fund income units	23,969	24,849
COIF Charities deposit fund	2,135	2,135
BNY Mellon Real Return fund Newton Inst. Shares 1 (inc)	5,303	5,686
Share in EAL	<u>50</u>	<u>0</u>

ENGINEUITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

12. INVESTMENTS IN SUBSIDIARIES

	2023 £'000	2022 £'000
Charity		
Shares at cost	50	51
Impairment provision	0	(51)
	<u>50</u>	<u>0</u>

The £50k impairment made in 2013 relating to the shareholding in EAL, has been reversed and the investment restated at cost.

The remaining share cost and provision of £1k have been removed in the current year, as all other subsidiaries have been fully struck off.

The charity owns 100% of the allotted ordinary share capital of the following subsidiaries, all of which are registered in England and Wales:

Excellence Achievement & Learning Limited (company registration no 02700780)

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.

Enginuity Skills Limited (company registration no 12172530)

A company registered in England and Wales whose principal activity is the provision of projects for specific commercial partners within the engineering sector.

The registered office of all of the above subsidiaries is Unit 2, The Orient Centre, Greycaine Road, Watford, WD24 7GP.

13. STOCKS

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Resalable publications	<u>0</u>	<u>32</u>	<u>0</u>	<u>0</u>

14. DEBTORS

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts falling due within one year				
Trade debtors	1,278	1,294	145	43
Amounts owed by subsidiary undertakings	0	0	1,637	668
Other debtors	0	0	0	0
Prepayments	528	344	211	160
Accrued income	180	226	180	226
	<u>1,986</u>	<u>1,864</u>	<u>2,173</u>	<u>1,097</u>

Bad debt recognised for the group during the year as a reduction in expense was £47,909 (2022: £13,362).

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

15. CREDITORS: amounts falling due within one year	Group		Charity	
	2023	2022 Restated	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	332	318	151	256
Taxation and social security	262	448	175	340
Other creditors	114	56	7	32
Accruals	504	494	234	252
Finance lease liabilities	0	25	0	8
Deferred income	3,616	3,598	163	4
	<u>4,828</u>	<u>4,939</u>	<u>730</u>	<u>892</u>
16. CREDITORS: amounts falling due after one year	Group		Charity	
	2023	2022 Restated	2023	2022
	£'000	£'000	£'000	£'000
Deferred Income	1,051	992	0	0
	<u>1,051</u>	<u>992</u>	<u>0</u>	<u>0</u>

ENGINEUITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

17. DEFERRED INCOME

	Group		Charity	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balance at 1 April	4,590	4,513	24	201
Amount released to income	(58)	(201)		
			(24)	(201)
Amount deferred in the period	135	278	135	4
Balance at 31 March	<u>4,667</u>	<u>4,590</u>	<u>135</u>	<u>4</u>

Deferred income of £135,000 (2022: £278,000) relates to externally funded projects both from customers within and outside of UK with deliverables between 1 year.

18. FINANCE LEASE AGREEMENTS

The group had the following finance leases in relation to IT equipment:

	2023	2022
	£'000	£'000
Due in:		
Less than one year	0	25
One to five years	0	0
	<u>0</u>	<u>25</u>

19. OBLIGATIONS UNDER OPERATING LEASE AGREEMENTS

At 31 March 2023 the group has future minimum lease commitments as follows:

	2023	2022
	£'000	£'000
Expiry date		
Less than one year	14	20
One to five years	3	10
	<u>17</u>	<u>30</u>

20. FUNDS AND RESERVES

	2023	2022
	£'000	Restated £'000
General unrestricted reserve		
Group		
At 1 April	33,562	30,190
Realised and Unrealised gains on investments	(1,264)	1,985
Income received	13,324	12,027
Expenditure	(10,996)	(10,640)
At 31 March	<u>34,626</u>	<u>33,562</u>
Charity		
At 1 April	33,453	30,080
Realised & Unrealised gains on investments	2,985	4,411
Income Received	1,221	1,767
Expenditure	(3,093)	(2,805)
At 31 March	<u>34,566</u>	<u>33,453</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

21. NET ASSETS/LIABILITIES

	Group		Charity	
	Unrestricted funds	Unrestricted funds	Unrestricted funds	Unrestricted funds
	2023	2022	2023	2022
		Restated		Restated
	£'000	£'000	£'000	£'000
Tangible fixed assets	0	26	0	26
Investments	31,406	32,670	31,456	32,670
Current assets	9,100	6,797	3,840	1,649
Current liabilities	(4,829)	(4,939)	(730)	(892)
Non-current liabilities	(1051)	(992)	0	0
	<u>34,626</u>	<u>33,562</u>	<u>34,566</u>	<u>33,453</u>

22. FINANCIAL ASSETS AND LIABILITIES

	2023	2022
	£'000	£'000
Group		
Financial assets measured at fair value through profit or loss	<u>29,272</u>	<u>30,535</u>

Financial assets measured at fair value through profit or loss include the investments.

23. 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.

24. RELATED PARTY TRANSACTIONS

Due to the nature of the charity, most trustees will be associated with organisations which may have a financial relationship with the charity. Opportunity is given for disclosure of any financial or other interest prior to any Board discussions.

All transactions involving organisations in which a member of the Key Management may have an interest are conducted at arm's length and in accordance with Group's financial regulations and normal procurement procedures.

During the year the group incurred cost in relation to consultancy services amounting to £0 (2022: £8) provided by Anthony Watson. The consultant is a close family member of the Group's Chief Executive Officer.

During the year the group incurred cost in relation to consultancy services amounting to £0 (2022: £1,125) provided by Rob Townsend. The consultant is a close family member of Group's Chief Executive Officer.

During the year the group incurred cost in relation to services amounting to £0 (2022: £17,500 from Get My First Job. One of a number of shareholders of Get My First Job is a close family member of the EAL's Chief Operating Officer.

During the year the Group incurred cost in relation to hire of venues amounting to £8,584 (2022 £1,300) provided by Make UK. The Group Chief Executive Officer was appointed to Make UK board during the financial year.

During the year the Group received £15,000 from QinetiQ in relation to sponsorship of the Skills awards. V Saward (Trustee has had a senior role within this company)

At the year end there were no balances outstanding to or from related parties.

ENGINEUITY

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2023

25. CHANGE IN ACCOUNTING POLICY FOR TURNOVER & ASSOCIATED CHANGES IN BALANCES DECLARED

In 2022 the comparatives have been restated to take account of a prior year adjustment and change in income recognition policy.

The impact of this adjustment means that the Free reserves at 1 April 2021 and 31 March 2022 have decreased by £2.9M and £3.1M respectively.

The effects of the change are detailed below:

Reconciliation of Reserves	2022	2021
	£'000	£'000
Group		
Reserves (as previously stated)	33,629	33,127
Change in Policy	(3,067)	(2,937)
Reserves Restated	<u>33,562</u>	<u>30,190</u>
Charity		
Reserves (as previously stated)	39,520	33,017
Change in Policy	(3,067)	(2,937)
Reserves Restated	<u>33,453</u>	<u>30,080</u>

Reconciliation of Income from Trading Subsidiaries

2022 **£'000**

Reserves (as previously stated)	10,390
Change in Policy	(130)
Income Restated	<u>10,260</u>

Reconciliation of Net Surplus

Net Surplus (as previously stated)	3,503
Change in Policy	(130)
Reserves Restated	<u>3,373</u>

The restated Balance sheet amounts are:

Group and Charity	2022
	£'000
Creditors: Amounts falling due within 1 year	(4,939)
Creditors: Amounts falling due after 1 year	(992)
Provisions	0
Charity only	
Amounts owed by group undertakings	1097

26. Pension commitments

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

EAL is a participating employer to a defined benefit scheme administered by ITB Pension Funds. A defined benefit scheme is a pension plan under which the company pays fixed pension to its employees. As a member of the multi-employer scheme where the assets and liabilities are not identifiable, EAL has accounted for the scheme as a defined contribution scheme to comply with the provisions of FRS 102. Pension contributions are charged to the consolidated Statement of Financial Activities so as to spread the regular cost of the pensions and related benefits over the employees' working lives.

The total cost to the company under both schemes for the year was £259,715 (2022: £234,000).