

**HEREFORDSHIRE GROUP TRAINING
ASSOCIATION LIMITED (BY GUARANTEE)**

FINANCIAL STATEMENTS

31ST AUGUST 2003

Company Registration Number 1475237

Charity Registration Number 512976

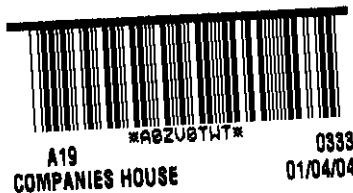
THORNE WIDGERY

Chartered Accountants & Registered Auditors

33 Bridge Street

Hereford

HR4 9DQ



**HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED
(BY GUARANTEE)**

OFFICERS AND PROFESSIONAL ADVISERS

THE TRUSTEES/DIRECTORS

Mr. R.C. French MBE
Mr. K.G. Davies
Mr. R.P. Hunt
Mr. D.D. Green
Mr. M. Barker
Mr. K.J. Bayliss
Mr.G.R. Goodarzi
Mr J.M. Del Mar
Mr N. Silverthorne
Mr K.J. Williams

COMPANY SECRETARY

R.P.Hunt

REGISTERED OFFICE

Holmer Road
Hereford
HR4 9SX

AUDITORS

Thorne Widgey
Chartered Accountants & Registered Auditors
33 Bridge Street
Hereford
HR4 9DQ

BANKERS

Nat West Bank PLC
12 Broad Street
Hereford
HR4 9AP

SOLICITORS

Morgans
7 Mill Street
Ludlow
Shropshire
SY8 1BA

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

THE REPORT OF THE TRUSTEES/DIRECTORS

YEAR ENDED 31ST AUGUST 2003

The Trustees/Directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st August 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company during the year was the provision of training facilities.

The Objects as stated in the Company's Memorandum of Association for which the Company is established are:-

- (a) To promote and advance the theoretical and practical education and training of persons engaged or intending to be engaged in industry and commerce.
- (b) Subject to the foregoing object, to extend such provision or assistance to the training or education of members of the public generally.

There have been no changes in the Company's objects during the year.

The priorities for the year were to:-

Meet the training need of the Members and other customers.

Deliver 'Modern Apprenticeships' for the Learning and Skills Council.

Improve the Associations influence within Member companies and agencies to progress the 'ideal' of employer-led training.

The Association has responded to customers' changing requirement for services and has continued to shape its provision accordingly.

Apprentice numbers increased from low levels in the previous year. Commercial apprentices in Hereford rose by 41%. In Worcester, following the acquisition of Worcester Business College, numbers rose from 5 to 30. Engineering increased by 14%. These increases made a positive impact on the principal source of income.

To achieve greater numbers of apprentice's, considerable resources were expended to attract young people to take up the training/employment opportunities provided by the Members and other customers. The Association co-ordinated a 'Careers Experience' at the Courtyard Theatre, ran a series of Open Days and attended all the Counties Schools Career events. In addition it continued to co-ordinate the highly successful 'Manufacturing Compact' aimed at a positive introduction of year ten pupils to manufacturing.

As a long term corrective strategy for the poor image and low level of interest in manufacturing from pupils and teachers, the engineering training facilities was developed to deliver the 14-19 Flexible School Curriculum. At the end of the year three schools had confirmed a requirement for this on a fee paying basis.

The local Learning and Skills Council (LSC) commenced a 'Strategic Area Review', of learning provision in Herefordshire. To promote and protect employer-led training during this process representation was maintained on the steering group of the Federation of Herefordshire Learning Providers. Members were made aware of this at the Annual General Meeting and the possible need for them to act as advocates for the Association if local provision was rationalised.

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

THE REPORT OF THE TRUSTEES/DIRECTORS

YEAR ENDED 31ST AUGUST 2003

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW(continued)

The Association was a principal partner in 'Skills4Adults' an initiative funded by Advantage West Midlands to improve skills for manufacturing across the two Counties. The Association was granted £350,000 to develop as a centre of engineering vocational excellence (CoVE). £150,000 was spent developing the Hereford facility and £200,000 will be released by the LSC in 04 to replicate training facilities in Worcester. To this end the Association has been commissioned by the LSC to bid for CoVE funding in Jan 04 and the partnership with Worcester College of Technology strengthened.

An ambitious three year development plan was approved by the Executive Committee (Trustees) and adopted by the Members at the AGM. The plan provides for continued growth and aligns with the LSC agenda. The annual budget has ensured that premises and equipment are updated to provide an effective and enjoyable training environment for both delegates and staff.

The Association has successfully delivered the 'Small Business Start Up Programme' in Herefordshire. The initiative has performed well although a number of contracted training events did not run due to low numbers and the Accounts provide for a 'claw back' of funding in respect of these.

Worcester Business College and Midshires training Services were fully integrated into Hereford based systems assisted through investment in 'Broadband' IT technology.

To further integrate the three organizations a single corporate style and new logo was introduced.

Staff from each location representing both engineering and commerce training met to disseminate 'best practice' through the formation of 'Cross Operational Theme Groups'

Two additional members of staff were recruited to cater for the expansion. New and existing staff increased their competence and qualifications to meet more stringent requirements for people involved in the delivery and assessment of work-based learning.

The Trustees reviewed the reserves mindful of planned developments and commissioned a report on staff pension arrangements in light of 'stakeholder' arrangements. To ensure as equitable pay structure an evaluation of roles was undertaken.

Throughout the year the Association was represented on the Council of the Herefordshire Industrial Association and provided the chairman and secretary for the Hereford and Worcester Training Provider Association. In this capacity the Association was represented on the Board of the Connexions Service.

The LSC carried out three formal reviews of the Association and consistently awarded the grade of 'Strong' and 'Low Risk' as regards finances and controls.

The Association won the LSC inaugural award for Innovation & Quality of Learning.

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

THE REPORT OF THE TRUSTEES/DIRECTORS *(continued)*

YEAR ENDED 31ST AUGUST 2003

RESERVES POLICY

The Association holds reserves to ensure :-

Continuation in periods of less favourable funding.

The principal source of funding is from Central Government currently via the Learning and Skills Council. This funding has been volatile. Following the creation of the LSC our overall funding was cut in some areas by 40%. It is anticipated that this funding will remain volatile.

Secure and suitable premises in Herefordshire and Worcestershire.

The Association operates from leased premises in Hereford. The premises in Worcester limit our range of services and plans are underway to develop an engineering / technology training centre.

Provision for major capital items.

The need for non-college providers to be self sufficient as regards capital equipment. If capital grants become available to the Association it is likely that they would be on the basis of matched funding.

Level of reserves

Reserves will be maintained at a minimum of 20% of turnover or 50% of employment costs whichever is the greater to meet funding fluctuation and capital needs and up to 60% of turnover or the cost of land/building to an agreed specification for building requirements.

Maintenance and monitoring of reserves.

In years of favourable funding resulting in surpluses will be held as reserves within the levels and for the purpose set out in the policy.

The Executive Committee will be provided with a statement of current reserves for review at each Committee meeting to confirm compliance with the reserves policy.

Monitoring and reviewing the policy

All policies, including the Reserves policy, will be reviewed by the Executive Committee as required by the Association quality procedure.

RISK FACTORS

The trustees/ directors have conducted its own review of the major risks to which the Association is exposed and systems have been established to mitigate those risks. Internal risks are minimized by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the Association. These procedures are periodically reviewed to ensure that they still meet the needs of the Association.

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED

(BY GUARANTEE)

THE REPORT OF THE TRUSTEES/DIRECTORS *(continued)*

YEAR ENDED 31ST AUGUST 2003

TRUSTEES/DIRECTORS

The Trustees/Directors who served the company during the period were as follows:

Mr. R.C. French MBE
Mr. K.G. Davies
Mr. R.P. Hunt
Mr. D.D. Green
Mr. M. Barker
Mr. K.J. Bayliss
Mr.G.R. Goodarzi
Mr J.M. Del Mar
Mr N. Silverthorne
Mr K.J. Williams

The Trustees are appointed by the Company in general meeting. The Company is managed by the Board of Trustees/Directors who delegate the day to day responsibility to the Chief Executive. Two Operations Managers report to the Chief Executive and are responsible for the training activity. All staff report to either the Chief Executive or an Operation Manager.

FIXED ASSETS

Due to the Association's policy of writing off training development expenditure as it occurs, the principal fixed assets of the Company, excluding the freehold property, stated at NIL in the balance sheet have a market value of approximately £604,981.

The replacement cost of these assets is estimated at £1,022,950.

RESPONSIBILITIES OF THE TRUSTEES/DIRECTORS

Company law requires the Trustees/Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the surplus or deficiency for the year then ended.

In preparing those financial statements, the trustees/directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Trustees/Directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees/Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Trustees/Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED
(BY GUARANTEE)

THE REPORT OF THE TRUSTEES/DIRECTORS *(continued)*

YEAR ENDED 31ST AUGUST 2003

AUDITORS

A resolution to re-appoint Thorne Widgery as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:

Holmer Road
Hereford
HR4 9SX

Signed on behalf of the
Trustees/Directors



R.P.Hunt
Company secretary

Approved by the Trustees/Directors on 21st^h January 2004

**HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED
(BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR ENDED 31ST AUGUST 2003

We have audited the financial statements of Herefordshire Group Training Association Limited (By Guarantee) on pages 8 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 11.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES/ DIRECTORS AND THE AUDITORS

As described on page 5, the company's Trustees/ Directors are responsible for the preparation of the Trustees/ Directors report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees/ Directors Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees /Directors Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

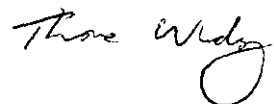
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

OPINION

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31st August 2003 and of its incoming resources and application of resources, in the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

33 Bridge Street
Hereford
HR4 9DQ
21st January 2004.

THORNE WIDGERY
Chartered Accountants
& Registered Auditors



HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31ST AUGUST 2003

	Note	2003 £	2002 £
TURNOVER:		1,687,492	1,175,022
Cost of sales		(1,316,081)	(850,738)
GROSS SURPLUS		371,411	324,284
Administrative expenses		(331,091)	(362,403)
OPERATING SURPLUS/ (DEFICIENCY)	2	40,320	(38,119)
		-	-
		40,320	(38,119)
Interest receivable and similar income	4	17,293	11,693
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		57,613	(26,426)
Tax on surplus on ordinary activities		-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		57,613	(26,426)
Balance brought forward		640,011	666,437
BALANCE CARRIED FORWARD		697,624	640,011

The company has no recognised gains or losses other than the results for the
year as set out above.

The notes on pages 11 to 13 form part of these financial statements.

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

BALANCE SHEET

31ST AUGUST 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	5	79,900	81,600
CURRENT ASSETS			
Debtors	6	147,370	145,792
Cash at bank and in hand		652,896	515,902
		<u>800,266</u>	<u>661,694</u>
CREDITORS: Amounts falling due within one year	7	<u>(182,542)</u>	<u>(103,283)</u>
NET CURRENT ASSETS		617,724	558,411
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>697,624</u>	<u>640,011</u>
FUNDS	9		
Unrestricted		697,624	640,011
		<u>697,624</u>	<u>640,011</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2001).

These financial statements were approved by the Trustees/Directors on the 21st January 2004, and are signed on their behalf by:



MR. R.C. FRENCH
Trustee/Director

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31ST AUGUST 2003

		General Fund		Designated Fund		Total	
		2003	2002	2003	2002	2003	2002
	Note	£	£	£	£	£	£
INCOME AND EXPENDITURE							
INCOMING RESOURCES							
Government funds		1,044,640	782,029	-	-	1,044,640	782,029
Employers contributions		429,501	353,767	-	-	429,501	353,767
CoVE Grant		150,169					
Rental income and room hire		63,182	39,226			63,182	39,226
Investment income		17,293	11,693	-	-	17,293	11,693
TOTAL INCOMING RESOURCES		<u>1,704,785</u>	<u>1,186,715</u>	<u>-</u>	<u>-</u>	<u>1,554,616</u>	<u>1,186,715</u>
RESOURCES EXPENDED							
Costs of generating funds	10	1,316,081	850,738	-	-	1,316,081	850,738
Management and administration of the charity	11	331,091	362,403	-	-	331,091	362,403
TOTAL RESOURCES EXPENDED		<u>1,647,172</u>	<u>1,213,141</u>	<u>-</u>	<u>-</u>	<u>1,647,172</u>	<u>1,213,141</u>
NET INCOMING RESOURCES BEFORE TRANSFERS							
		57,613	(26,426)	-	-	57,613	(26,426)
Transfer from / to Development reserve						-	-
NET INCOMING RESOURCES FOR THE YEAR							
		<u>57,613</u>	<u>(26,426)</u>	<u>-</u>	<u>-</u>	<u>57,613</u>	<u>(26,426)</u>
NET MOVEMENT IN FUNDS							
		57,613	(26,426)	-	-	57,613	(26,426)
Fund balances at 1st September		<u>640,011</u>	<u>666,437</u>	<u>-</u>	<u>-</u>	<u>640,011</u>	<u>666,437</u>
FUND BALANCES AT 31ST AUGUST		<u>697,624</u>	<u>640,011</u>	<u>-</u>	<u>-</u>	<u>697,624</u>	<u>640,011</u>

All of the total funds are unrestricted.

The notes on pages 11 to 13 form part of these financial statements

**HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED
(BY GUARANTEE)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The trustees/directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover consists of amounts invoiced for the year.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the income and expenditure account.

Fixed Assets

Fixed asset equipment is not capitalised but is written off as development expenditure in the year of acquisition.

Freehold property is depreciated at 2% per annum on a straight line basis..

2. OPERATING DEFICIT

Operating deficit is stated after charging:

	2003 £	2002 £
Auditors' fees	2,000	1,900
Rent of Land and buildings	<u>114,530</u>	<u>102,571</u>

The Company's existing lease for rent of land and buildings expires on 31st August 2013.

3. WORCESTER BUSINESS COLLEGE

To further strengthen the Associations presence in Worcester, 'Worcester Business College' was acquired with a cohort of forty five Business Administration trainees. The costs involved were written off during the year ended 31st August 2002.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2003 £	2002 £
Bank interest receivable	<u>17,293</u>	<u>11,693</u>

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2003

5. TANGIBLE FIXED ASSETS

	Freehold Property £
COST/ VALUATION	
At 1st September 2002	85,000
At 31st August 2003	<u>85,000</u>
DEPRECIATION	
At 1 st September 2002	3,400
Charge for year	<u>1,700</u>
At 31st August 2003	<u>5,100</u>
NET BOOK VALUE	
At 31 st August 2003	79,900
At 31 st August 2002	<u>81,600</u>

The freehold property is valued by the directors as at 1st October 1999.

6. DEBTORS

	2003 £	2002 £
Trade debtors	<u>147,370</u>	<u>145,792</u>

All debtors are repayable within one year of the balance sheet date.

7. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Trade creditors	<u>182,542</u>	<u>103,283</u>
	<u>182,542</u>	<u>103,283</u>

8. COMPANY LIMITED BY GUARANTEE

The company is a company limited by guarantee, not having share capital. In the event of winding up, the members agree to contribute a maximum of £20 each.

9. RECONCILIATION OF MOVEMENTS IN FUNDS

	2003 £	2002 £
Surplus /(Deficit) for the financial year	57,613	(26,426)
Opening funds	<u>640,011</u>	<u>666,437</u>
Closing funds	<u>697,624</u>	<u>640,011</u>

HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED

(BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2003

10. COSTS OF GENERATING FUNDS

	2003	2002
	£	£
Training and courses	339,602	244,666
Staff salaries	507,987	396,066
Trainee allowances	85,571	60,694
Premises costs	93,023	68,894
Staff training	2,532	7,293
Development and acquisition expenditure	287,366	73,125
	<u>1,316,081</u>	<u>850,738</u>

11. MANAGEMENT AND ADMINISTRATION

	2003	2002
	£	£
Staff salaries	86,093	93,317
Premises costs	90,624	102,363
Development expenditure	3,148	4,734
Office costs etc.	151,226	161,989
	<u>331,091</u>	<u>362,403</u>

12. EMOLUMENTS OF EMPLOYEES

	2003	2002
	£	£
Salaries	521,269	429,495
Social Security costs	49,221	41,147
Benefits in kind	23,498	23,868
Pension payments	<u>21,642</u>	<u>18,739</u>

No employee earned more than £50,000 p.a

The average number of employees, analysed by function, was:-

	2003	2002
Training	25	23
Administration	<u>4</u>	<u>3</u>
	29	26
Unpaid executive committee	<u>10</u>	<u>10</u>
	<u>39</u>	<u>36</u>

The Trustees/Directors were not paid any remuneration during the year. Expenses paid in carrying out their duties totalled £848 (2002- £786).

13. TRUSTEES/DIRECTORS INDEMNITY INSURANCE

The Company has purchased charity and charity trustees indemnity insurance.

14. AUTHORISED EXPENDITURE

No expenditure was authorised but not contracted for at the balance sheet date.