

**Company Registration Number 1475237**

**Charity Registration Number 512976**

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

**FINANCIAL STATEMENTS**

**31ST AUGUST 2004**



**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. M. Barker  
Mr. K.J. Bayliss  
Mr.G.R. Goodarzi  
Mr J.M. Del Mar  
Mr N. Silverthorne  
Mr K.J. Williams  
Mrs G.D.Gittoes

**COMPANY SECRETARY**

R.P.Hunt

**REGISTERED OFFICE**

Holmer Road  
Hereford  
HR4 9SX

**AUDITORS**

Thorne Widgery  
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 2004**

The Trustees/Directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st August 2004.

### **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 met the annual targets in its three year development plan. The aim of the plan is continued growth through the delivery of a wider range of services in line with the Government's 'Skills Strategy'.

During the year the Association gained the status of a 'Centre of Vocational Excellence' for engineering in Herefordshire and Worcestershire. This status and a potential grant of £650,000 commenced a search for a suitable property to replicate the Hereford training facility in Worcestershire. A partnership with Worcester College of Technology has been maintained to avoid duplicating training provision in Worcester. The lease on the Worcester Business College premises in Shrub Hill was not renewed mindful of the aim of bringing both Worcester operations onto a single site.

Apprentice numbers increased during the year. Following the demise of a local training provider sixty additional trainees, including forty from 'Central Networks', transferred to the Association.

Promoting Members' and other customers' career opportunities to school pupils and to those that influence them remained a priority. The Association 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 were accessed by three schools as part of the '14-19 Flexible Curriculum' on a fee-paying basis. Agreement had been reached with one school to access Business Admin on the same basis from September.

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

## **THE REPORT OF THE TRUSTEES/DIRECTORS**

**YEAR ENDED 31ST AUGUST 2004**

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW(continued)**

The local Learning and Skills Council commenced a 'Strategic Area Review' of learning provision in Herefordshire and Worcestershire to ensure learning provision was suitable to meet future skill needs. At every opportunity, employers were encouraged to make their views known and where appropriate act as advocates for the Association.

During the year the Association was very successful in attracting funding from external sources. This funding has been used to offset training costs for employers and develop training facilities.

The Association maintained involvement in the 'Skills4Adults' initiative funded by Advantage West Midlands. Through this it was able to fund training for employers with 'Jobs at Risk', 'Adult Apprentices' and 'Employer Training Pilots'.

The annual budget including external funding has ensured that premises and equipment are updated to provide an effective and enjoyable training environment for trainees, delegates and staff.

The Association delivered the 'Small Business Start Up Programme' for Herefordshire throughout the year.

New health and safety courses included the 16<sup>th</sup> Edition Wiring Regulations with an associated exam and the Health and Safety Passport Programme.

Two additional members of staff were recruited to cater for 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.

Staff from each of the three locations, representing both engineering and commerce training , continued to meet to disseminate 'best practice' through 'Cross Operational Theme Groups'.

The Trustees reviewed the reserves mindful of planned developments. The Staff pension provision was updated in light of 'Stakeholder' arrangements and the administration charge reduced. A rudimentary health care programme was introduced.

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 Learning and Skills Council graded the Association as 'Strong' and 'Low Risk' as regards finances and controls.

The Association won the Learning and Skills Council inaugural award for 'Innovation in Engaging Employers'. A member of staff won the 'Trainer of the Year' and an Apprentice won the accolade 'West Midland Apprentice of the Year' from the Engineers Employers Federation.

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

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

**YEAR ENDED 31ST AUGUST 2004**

### **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 major investment to ensure training resources are 'up to date' and industry standard.

#### **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. Building is anticipated during the next 3 years.

#### **Maintenance and monitoring of reserves.**

In years of favourable funding, 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. Reserves will be externally audited annually and discussion between Auditor, Chairman, Treasurer and Chief Executive will 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 2004**

### **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	Resigned 14 <sup>th</sup> July 2004
Mr. M. Barker	
Mr. K.J. Bayliss	
Mr.G.R. Goodarzi	
Mr J.M. Del Mar	
Mr N. Silverthorne	
Mr K.J. Williams	
Mrs G.D.Gittoes	Appointed 31 <sup>st</sup> March 2004

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 £678,582.

The replacement cost of these assets is estimated at £1,171,950.

### **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 2004**

**AUDITORS**

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

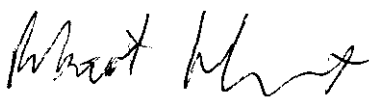
**SMALL COMPANY PROVISIONS**

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 16<sup>th</sup> February 2005

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**YEAR ENDED 31ST AUGUST 2004**

We have audited the financial statements of Herefordshire Group Training Association Limited (By Guarantee) on pages 8 to 14. 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.

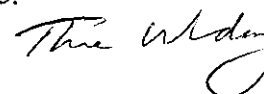
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2004 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  
16<sup>th</sup> February 2005.

THORNE WIDGERY  
Chartered Accountants  
& Registered Auditors





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

**INCOME AND EXPENDITURE ACCOUNT**

**YEAR ENDED 31ST AUGUST 2004**

	Note	2004 £	2003 £
<b>TURNOVER:</b>		1,828,485	1,687,492
Cost of sales		(1,579,267)	(1,496,216)
<b>GROSS SURPLUS</b>		249,218	191,276
Administrative expenses		(186,794)	(150,956)
<b>OPERATING SURPLUS</b>	2	62,424	40,320
		-	-
		62,424	40,320
Interest receivable and similar income	3	16,173	17,293
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		78,597	57,613
Tax on surplus on ordinary activities		-	-
<b>SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		78,597	57,613
Balance brought forward		697,624	640,011
<b>BALANCE CARRIED FORWARD</b>		776,221	697,624

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 14 form part of these financial statements.

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

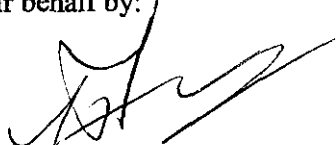
**BALANCE SHEET**

**31ST AUGUST 2004**

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible assets	4	78,200	79,900
<b>CURRENT ASSETS</b>			
Debtors	5	320,227	147,370
Cash at bank and in hand		766,174	652,896
		<u>1,086,401</u>	<u>800,266</u>
<b>CREDITORS: Amounts falling due within one year</b>	6	<u>(185,880)</u>	<u>(182,542)</u>
<b>NET CURRENT ASSETS</b>		900,521	617,724
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>978,721</u>	<u>697,624</u>
<b>FUNDS</b>	8		
Unrestricted		776,221	697,624
Restricted		202,500	-
		<u>978,721</u>	<u>697,624</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 June March 2002).

These financial statements were approved by the Trustees/Directors on the 16<sup>th</sup> February 2005, 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 2004**

		General Fund		Restricted Fund		Total	
		2004	2003	2004	2003	2004	2003
	Note	£	£	£	£	£	£
<b>INCOME AND EXPENDITURE</b>							
<b>INCOMING RESOURCES</b>							
Government funds		1,243,809	1,044,640	-	-	1,243,809	1,044,640
Employers contributions		479,809	429,501	-	-	479,809	429,501
CoVE Grant		50,000	150,169	202,500		252,500	150,169
Rental income and room hire		54,867	63,182			54,867	63,182
Investment income		16,173	17,293	-	-	16,173	17,293
<b>TOTAL INCOMING RESOURCES</b>		<u>1,844,658</u>	<u>1,704,785</u>	<u>202,500</u>	<u>-</u>	<u>2,047,158</u>	<u>1,704,785</u>
<b>RESOURCES EXPENDED</b>							
Costs of generating funds	9	1,579,267	1,496,216	-	-	1,579,267	1,496,216
Management and administration of the charity	10	186,794	150,956	-	-	186,794	150,956
<b>TOTAL RESOURCES EXPENDED</b>		<u>1,766,061</u>	<u>1,647,172</u>	<u>-</u>	<u>-</u>	<u>1,766,061</u>	<u>1,647,172</u>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>							
		78,597	57,613	202,500	-	281,097	57,613
Transfer from / to reserves						-	-
<b>NET INCOMING RESOURCES FOR THE YEAR</b>							
		<u>78,597</u>	<u>57,613</u>	<u>202,500</u>	<u>-</u>	<u>281,097</u>	<u>57,613</u>
<b>NET MOVEMENT IN FUNDS</b>							
		78,597	57,613	202,500	-	281,097	57,613
Fund balances at 1st September		<u>697,624</u>	<u>640,011</u>	<u>-</u>	<u>-</u>	<u>697,624</u>	<u>640,011</u>
<b>FUND BALANCES AT 31ST AUGUST</b>		<u>776,221</u>	<u>697,624</u>	<u>202,500</u>	<u>-</u>	<u>978,721</u>	<u>697,624</u>

The notes on pages 11 to 14 form part of these financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST AUGUST 2004**

**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 SURPLUS**

Operating surplus is stated after charging:

	2004 £	2003 £
Auditors' fees	2,100	2,000
Rent of Land and buildings	<u>112,971</u>	<u>114,530</u>

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

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2004 £	2003 £
Bank interest receivable	<u>16,173</u>	<u>17,293</u>

# HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED (BY GUARANTEE)

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST AUGUST 2004

### 4. TANGIBLE FIXED ASSETS

	Freehold Property £
<b>COST/ VALUATION</b>	
At 1st September 2003	85,000
At 31st August 2004	<u>85,000</u>
<b>DEPRECIATION</b>	
At 1 <sup>st</sup> September 2003	5,100
Charge for year	<u>1,700</u>
At 31st August 2004	<u>6,800</u>
<b>NET BOOK VALUE</b>	
At 31 <sup>st</sup> August 2004	78,200
At 31 <sup>st</sup> August 2003	<u>79,900</u>

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

### 5. DEBTORS

	2004 £	2003 £
Trade debtors	<u>320,227</u>	<u>147,370</u>

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

### 6. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	<u>185,880</u>	<u>182,542</u>
	<u>185,880</u>	<u>182,542</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST AUGUST 2004**

**7. 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.

**8. RECONCILIATION OF MOVEMENTS IN FUNDS**

	<b>2004</b> <b>£</b>	<b>2003</b> <b>£</b>
Surplus for the financial year	78,597	57,613
Restricted fund	202,500	-
Opening funds	<u>697,624</u>	<u>640,011</u>
Closing funds	<u>978,721</u>	<u>697,624</u>

The restricted fund represents an amount received to develop a centre of engineering vocational excellence in Worcester. The project has commenced since the balance sheet date.

# HEREFORDSHIRE GROUP TRAINING ASSOCIATION LIMITED

## (BY GUARANTEE)

### NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31ST AUGUST 2004**

#### **9. COSTS OF GENERATING FUNDS**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Training and courses	412,095	339,602
Staff salaries	664,413	594,080
Trainee allowances	95,286	85,571
Premises costs	176,283	183,647
Staff training	2,238	2,532
Development and acquisition expenditure	228,952	290,784
	<u>1,579,267</u>	<u>1,496,216</u>

#### **10. MANAGEMENT AND ADMINISTRATION**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Office costs etc.	183,446	150,956
	<u>183,446</u>	<u>150,956</u>

#### **11. EMOLUMENTS OF EMPLOYEES**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Salaries	577,034	521,269
Social Security costs	58,173	49,221
Benefits in kind	23,441	23,498
Pension payments	<u>25,198</u>	<u>21,642</u>

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

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

	<b>2004</b>	<b>2003</b>
Training	27	25
Administration	<u>4</u>	<u>4</u>
	31	29
Unpaid executive committee	<u>10</u>	<u>10</u>
	<u>41</u>	<u>39</u>

The Trustees/Directors were not paid any remuneration during the year. Expenses paid in carrying out their duties totalled £910 (2003- £848).

#### **12. TRUSTEES/DIRECTORS INDEMNITY INSURANCE**

The Company has purchased charity and charity trustees indemnity insurance.