

REGISTERED COMPANY NUMBER: 1475237 (England and Wales)  
REGISTERED CHARITY NUMBER: 512976

Report of the Trustees and  
Financial Statements for the Year Ended  
31 August 2013  
for  
Herefordshire Group Training Association  
Limited



Thorne Widgery Accountancy Ltd  
Chartered Accountants  
Statutory Auditors  
2 Wyevale Business Park  
Kings Acre  
Hereford  
Herefordshire  
HR4 7BS

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Herefordshire Group Training Association  
Limited

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for the Year Ended 31 August 2013

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Herefordshire Group Training Association  
Limited

Report of the Trustees  
for the Year Ended 31 August 2013

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2013. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
1475237 (England and Wales)

**Registered Charity number**  
512976

**Registered office**  
Holmer Road  
Hereford  
HR4 9SX

**Trustees**  
M Barker  
D Goldsmith  
R P Hunt  
A R Green  
Mrs G D Gittoes  
A Merrick  
Miss C Donelan

Company Director - appointed 19 6 13

**Company Secretary**  
R P Hunt

**Auditors**  
Thorne Widgey Accountancy Ltd  
Chartered Accountants  
Statutory Auditors  
2 Wyevale Business Park  
Kings Acre  
Hereford  
Herefordshire  
HR4 7BS

**Solicitors**  
Lanyon Bowdler  
12 The Business Quarter  
Eco Park Road  
Ludlow  
Shropshire  
SY8 1FD

**Bankers**  
Natwest Bank PLC  
12 Broad Street  
Hereford  
HR4 9AP

Herefordshire Group Training Association  
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Report of the Trustees  
for the Year Ended 31 August 2013

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The trustees/ directors have conducted their own review of the major risks to which the Association is exposed and systems have been established to mitigate those risks. Internal risks are minimised 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.

**OBJECTIVES AND ACTIVITIES**

The Trustees/Directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31st August 2013.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

The Association's prime purpose is to organise and provide training for Members and other customers. In order to do this effectively services are extended to:

- 1 Provide advice on training and related matters
- 2 Provide an apprentice promotion and recruitment service
- 3 Obtain funding to assist employers with the costs of training
- 4 Influence agencies on the training needs of Members and other customers
- 5 Hiring out of facilities

**ACHIEVEMENT AND PERFORMANCE**

The priorities for the year were to:

- 1 Meet the training needs of the Members and other customers
- 2 Deliver apprenticeships for employers to the criteria of the Skills Funding Agency
- 3 Contribute to regional and national skill priorities
- 4 Progress the 'ideal' of employer-led training

The Association operated out of two sites located in Hereford and Worcester.

An overall apprentice success rate of 83% was achieved during the year, a decrease compared to the previous year which was 88% but still greater than the national average of 76%. The rate reflects apprentice recruitment undertaken in 2009, a recessionary year in which a number of employers engaged by the Worcester operation proved to be unable to deliver a full engineering apprentice programme of four year duration. The coming year indicates a likely improvement of around a 90% apprentice success rate may be achieved.

The number of Apprentice applications for 2013-14 has decreased by 50% despite the government's introduction of 'Raising Participation Age' (RPA) which was forecast to have the reverse affect. Regardless of reduced numbers of applicants early recruitment statistics suggest growth is likely particularly in the Worcester operation.

Activities aimed at promoting local apprenticeship opportunities to school pupils continue and are further supported by the Government's emphasis on vocational training.

Herefordshire Group Training Association  
Limited

Report of the Trustees  
for the Year Ended 31 August 2013

**ACHIEVEMENT AND PERFORMANCE**

In contrast to the previous year's loss the Association has achieved a surplus attributable to further development of 'non apprentice activities', mature workforce development and management training, also the Association's property interest continue to provide a substantial return. Two growth cases were submitted and approved by the Skills Funding Agency (SFA) during the year to reflect growth in apprentice numbers during 2012/13 thereby increasing the Association's apprentice contract to £1,262,677

The Government continued its high level of support for apprenticeships and vocational training. In response to the Richards Review of 2012 a consultation has been conducted in relation to proposed funding reform and proposed options. The Association responded by expressing the views of the Board of Directors and promoting the merits of Group Training Association (GTA) model.

The Board of Directors are reviewing the Association's Worcester premises as a priority. This is against the background of unprecedented intake of apprentices anticipated for the coming year. The Government's capital fund for education has now been extended to accept applications from Group Training Associations. This may be a consideration for the Board of Directors once all options have been reviewed.

The Chief Executive will retire during 2014. A selection and appointment sub-committee has been established and a schedule agreed for the selection and recruitment process of a replacement.

**RESERVES POLICY**

The Association holds reserves to ensure -

**Continuation in periods of less favourable funding**

The principal source of funding is from the Department for Innovation, Universities and Skills via the SFA. It is anticipated that this funding will continue to be volatile.

**Secure and suitable premises in Herefordshire and Worcestershire**

The Association operates in leased premises in Worcester.

**Provision for major capital items**

The need for major investment to ensure training resources are 'up to date' and reflect industry standards.

Level of reserves

To meet fluctuations in funding and routine capital expenditure, reserves will be maintained at a minimum of 20% of turnover, or 50% of employment costs whichever is the greater. Should a building project be anticipated within a three year period, then the level of Reserves may be increased up to a maximum level of 100% of turnover, reflecting the anticipated costs of the land and/or buildings.

Maintenance and monitoring of reserves

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

The Board of Directors will be provided with a statement of current reserves for review at each Board meeting. Reserves will be externally audited annually and discussion between the 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 Board of Directors as required by the Association quality procedure.

Herefordshire Group Training Association  
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Report of the Trustees  
for the Year Ended 31 August 2013

**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 £617,188 (2012 £677,457).

The replacement cost of these assets is estimated at £1,178,744 (2012 £1,268,846)

**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Herefordshire Group Training Association for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charity Statement of Recommended Practice,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

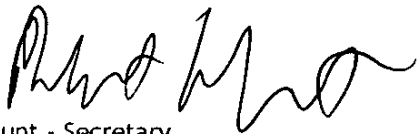
In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

**AUDITORS**

The auditors, Thorne Widgey Accountancy Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting

**ON BEHALF OF THE BOARD**



R P Hunt - Secretary

22 January 2014

Report of the Independent Auditors to the Members of  
Herefordshire Group Training Association  
Limited

We have audited the financial statements of Herefordshire Group Training Association Limited for the year ended 31 August 2013 on pages seven to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees Responsibilities set out on page four, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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


In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of  
Herefordshire Group Training Association  
Limited

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records 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, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees



Kevin Tong FCCA (Senior Statutory Auditor)  
for and on behalf of Thorne Widgery Accountancy Ltd  
Chartered Accountants  
Statutory Auditors  
2 Wyevale Business Park  
Kings Acre  
Hereford  
Herefordshire  
HR4 7BS

22 January 2014

**Herefordshire Group Training Association  
Limited**

**Statement of Financial Activities  
for the Year Ended 31 August 2013**

		31 8 13 Total unrestricted funds £	31 8.12 Total unrestricted funds £
	Notes		
<b>INCOMING RESOURCES</b>			
Incoming resources from generated funds			
Investment income	2	2,258	471
Incoming resources from charitable activities	3		
Provision of training		2,083,237	2,033,907
Other incoming resources		<u>117,242</u>	<u>103,027</u>
<b>Total incoming resources</b>		<b>2,202,737</b>	<b>2,137,405</b>
 <b>RESOURCES EXPENDED</b>			
Charitable activities	4		
Provision of training		2,072,247	2,154,408
Governance costs	5	<u>3,200</u>	<u>3,600</u>
<b>Total resources expended</b>		<b>2,075,447</b>	<b>2,158,008</b>
 <b>NET INCOMING/(OUTGOING) RESOURCES</b>		<b>127,290</b>	<b>(20,603)</b>
 <b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward		<u>1,394,701</u>	<u>1,415,304</u>
 <b>TOTAL FUNDS CARRIED FORWARD</b>		<b><u>1,521,991</u></b>	<b><u>1,394,701</u></b>

The notes form part of these financial statements

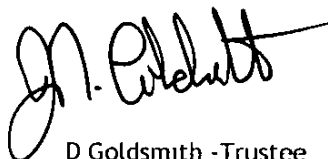
Herefordshire Group Training Association  
Limited

Balance Sheet  
At 31 August 2013

	Notes	31 8 13 Total unrestricted funds £	31 8 12 Total unrestricted funds £
<b>FIXED ASSETS</b>			
Tangible assets	9	1,700,000	1,700,000
<b>CURRENT ASSETS</b>			
Debtors	10	258,636	232,259
Cash at bank		<u>355,456</u>	<u>400,677</u>
		614,092	632,936
<b>CREDITORS</b>			
Amounts falling due within one year	11	(226,784)	(263,694)
<b>NET CURRENT ASSETS</b>		<u>387,308</u>	<u>369,242</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,087,308	2,069,242
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	(565,317)	(674,541)
<b>NET ASSETS</b>		<u>1,521,991</u>	<u>1,394,701</u>
<b>FUNDS</b>	14		
Unrestricted funds		<u>1,521,991</u>	<u>1,394,701</u>
<b>TOTAL FUNDS</b>		<u>1,521,991</u>	<u>1,394,701</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Trustees on 22 January 2014 and were signed on its behalf by

  
D Goldsmith - Trustee

The notes form part of these financial statements

Herefordshire Group Training Association  
Limited

Notes to the Financial Statements  
for the Year Ended 31 August 2013

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

**Incoming resources**

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy

**Resources expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources

**Tangible fixed assets**

Freehold land and property is not depreciated

**Taxation**

The charity is exempt from corporation tax on its charitable activities

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements

**Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate

**2. INVESTMENT INCOME**

	31 8 13	31 8 12
	£	£
Investment income	<u>2,258</u>	<u>471</u>

Herefordshire Group Training Association  
Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2013

**3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

		31 8 13	31 8 12
	Activity	£	£
Government funds	Provision of training	1,263,248	1,368,936
Employers contributions	Provision of training	806,707	641,640
Room hire	Provision of training	13,282	23,331
		<u>2,083,237</u>	<u>2,033,907</u>

**4. CHARITABLE ACTIVITIES COSTS**

Charitable activities costs relate to the provision of training and are all direct costs

**5. GOVERNANCE COSTS**

	31 8 13	31 8 12
	£	£
Office costs etc	<u>3,200</u>	<u>3,600</u>

**6 NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting)

	31 8 13	31 8 12
	£	£
Auditors' fees	3,200	3,600
Rent of Land and buildings	<u>57,863</u>	<u>60,912</u>

The Company's existing leases for rent of land and buildings expire on 31st October 2014 for Worcester

**7 TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 August 2013 nor for the year ended 31 August 2012

**Trustees' expenses**

Expenses paid in carrying out Trustees' duties amounted to £Nil (2012 £Nil)

Herefordshire Group Training Association  
Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2013

**8. STAFF COSTS**

	31 8 13	31 8 12
	£	£
Wages and salaries	893,417	855,981
Social security costs	84,636	82,561
Other pension costs	54,477	39,787
	<u>1,032,530</u>	<u>978,329</u>

The average monthly number of employees during the year was as follows

	31 8 13	31 8 12
Training	33	32
Administration	4	4
Unpaid executive committee	7	7
	<u>44</u>	<u>43</u>

No employee earned greater than £60,000 during the year

**9 TANGIBLE FIXED ASSETS**

	Freehold property £
<b>COST</b>	
At 1 September 2012 and 31 August 2013	<u>1,700,000</u>
<b>NET BOOK VALUE</b>	
At 31 August 2013	<u>1,700,000</u>
At 31 August 2012	<u>1,700,000</u>

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 8 13	31 8 12
	£	£
Trade debtors	<u>258,636</u>	<u>232,259</u>

**Herefordshire Group Training Association  
Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31 August 2013**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 8 13 £	31 8 12 £
Bank loans and overdrafts	128,403	128,403
Trade creditors	<u>98,381</u>	<u>135,291</u>
	<u>226,784</u>	<u>263,694</u>

**12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31 8 13 £	31 8 12 £
Bank loans	<u>565,317</u>	<u>674,541</u>
Amounts falling due in more than five years		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>51,705</u>	<u>160,929</u>

**13 SECURED DEBTS**

The following secured debts are included within creditors

	31 8 13 £	31 8 12 £
Bank loans	<u>693,720</u>	<u>802,944</u>

Bank loans are secured on the freehold property

**14. MOVEMENT IN FUNDS**

	At 1 9 12 £	Net movement in funds £	At 31 8 13 £
Unrestricted funds			
General fund	1,394,701	127,290	1,521,991
	<u>1,394,701</u>	<u>127,290</u>	<u>1,521,991</u>
<b>TOTAL FUNDS</b>	<u>1,394,701</u>	<u>127,290</u>	<u>1,521,991</u>

Herefordshire Group Training Association  
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Notes to the Financial Statements - continued  
for the Year Ended 31 August 2013

**14 MOVEMENT IN FUNDS - continued**

Net movement in funds, included in the above are as follows

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,202,737	(2,075,447)	127,290
<b>TOTAL FUNDS</b>	<u>2,202,737</u>	<u>(2,075,447)</u>	<u>127,290</u>

Herefordshire Group Training Association  
Limited

Detailed Statement of Financial Activities  
for the Year Ended 31 August 2013

	31 8 13 £	31 8 12 £
<b>INCOMING RESOURCES</b>		
Investment income		
Investment income	2,258	471
Incoming resources from charitable activities		
Government funds	1,263,248	1,368,936
Employers contributions	806,707	641,640
Room hire	13,282	23,331
	2,083,237	2,033,907
Other incoming resources		
Rental income	117,242	103,027
<b>Total incoming resources</b>	<b>2,202,737</b>	<b>2,137,405</b>
<b>RESOURCES EXPENDED</b>		
Charitable activities		
Staff salaries	893,417	855,981
Social security	84,636	82,561
Pensions	54,477	39,787
Training and courses	590,627	570,451
Trainee allowances	-	167
Development and acquisition expenditure	53,532	202,263
Premises costs	198,909	185,658
Office Costs	174,750	192,466
Bank loan interest	21,899	25,074
	2,072,247	2,154,408
Governance costs		
Office costs etc	3,200	3,600
<b>Total resources expended</b>	<b>2,075,447</b>	<b>2,158,008</b>
<b>Net income/(expenditure)</b>	<b>127,290</b>	<b>(20,603)</b>

This page does not form part of the statutory financial statements