

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

Report of the Trustees and
Financial Statements For The Year Ended
31 August 2009
for
Herefordshire Group Training Association

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

THURSDAY



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Herefordshire Group Training Association

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for the Year Ended 31 August 2009

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Herefordshire Group Training Association

Report of the Trustees for the Year Ended 31 August 2009

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 2009. 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	
K J Bayliss	- resigned 24.2.09
K G Davies	
J M Del Mar	
R C French MBE	- deceased 1.2.10
D Goldsmith	
R P Hunt	
R D Lees	
K J Williams	- resigned 5.3.09
A Nelder	
A R Green	- appointed 5 3.09

Company Secretary
R P Hunt

Auditors

Thorne Widgery
Chartered Accountants
Registered Auditors
33 Bridge Street
Hereford
Herefordshire
HR4 9DQ

Solicitors

Morgans
7 Mill Street
Ludlow
Shropshire
SY8 1BA

Bankers

Natwest Bank PLC
12 Broad Street
Hereford
HR4 9AP

Herefordshire Group Training Association

Report of the Trustees for the Year Ended 31 August 2009

STRUCTURE, GOVERNANCE AND MANAGEMENT **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 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 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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.

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

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. Hire out 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 Learning & Skills Council
3. Contribute to regional and national skill priorities
4. Progress the 'ideal' of employer-led training

The Association operated out of three sites, Hereford, Worcester and Leominster.

To assist employers with the costs of apprentice training, a contract worth over a million pounds was delivered for the Learning and Skills Council making the Association the largest provider of apprenticeships in the combined counties of Herefordshire, Worcestershire and Shropshire.

During the year the Association recruited the largest number of engineering apprentices in its 42 year history. Business & Finance apprentice numbers fell slightly. The number of apprentices completing all aspects of their apprenticeship was 83% compared to 71% nationally.

The Association was subject to the Learning & Skills Council's multi-faceted quality system - Framework for Excellence - for the first time.

Herefordshire Group Training Association

Report of the Trustees for the Year Ended 31 August 2009

ACHIEVEMENT AND PERFORMANCE

The top grade of Outstanding was given to: Apprentice Success Rates, Learner Destinations, Financial Health, Resource Efficiency and Contract Delivery. A grade of Good was awarded for Employers' Views, Financial Management & Controls and Inspection Grade. No aspect was awarded the lower grades of either Satisfactory or Inadequate. The Apprentice Views Survey showed a high degree of satisfaction with all eight aspects being above the average.

Following requests from employers, the Association delivered City & Guilds Further Education for engineering apprentices previously purchased from colleges. The year under review saw the first group of apprentices complete their 2 year course with no failures and much improved attendance and motivation. The C&G External Verifier gave the Association Full Claims Status as a result of the quality of delivery.

Promoting employers' career opportunities to school pupils, and to those that influence them, remained a priority. The Association co-ordinated, for the twelfth consecutive year, the successful Manufacturing Compact aimed at a positive introduction of year ten pupils to modern manufacturing. Five Member companies assisted in the delivery of this Programme.

During the year, funding was acquired through Train to Gain to assist employers with the cost of up-skilling the existing workforce.

Throughout the year, the Association's Chief Executive chaired the Herefordshire Education Business Partnership, the Hereford, Worcester and Shropshire Training Providers Association and was a Board Member of the Connexions Service and a Council Member of the Herefordshire Industrial Association. During the year, the Association was represented on the West Midlands Engineering and Manufacturing Specialist Providers Forum.

During the year the Association became a founder member of GTA England, founded to forge an alliance between like-minded Group Training Associations.

Following due diligence, the Hereford property and that adjoining was purchased to safeguard the future of the Association. This was achieved by using approximately half of its reserves and Bank borrowing. The purchase of the property came with an obligation to separate the utilities and services over an agreed timescale.

Following the announcement to disband the Learning & Skills Council, the Association's funding partner in the Leominster Industrial Estate Learning Zone, action was taken to reduce Zone activity, staffing and costs.

During the latter part of the year there were indications that the recession would have an adverse effect on next year's apprentice recruitment.

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 Learning & Skills Council. It is anticipated that this funding will be volatile.

Secure and suitable premises in Herefordshire and Worcestershire.

The Association operates in leased premises in Hereford, Worcester & Leominster. There are plans to extend Hereford & Worcester to provide a wider range of services.

Provision for major capital items.

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

Herefordshire Group Training Association

Report of the Trustees for the Year Ended 31 August 2009

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 60% 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 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 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 Executive Committee as required by the Association quality procedure.

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 £671,179.

The replacement cost of these assets is estimated at £1,265,178

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 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 SORP;
- 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.

Herefordshire Group Training Association

Report of the Trustees
for the Year Ended 31 August 2009

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Thorne Wiggery, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'R P Hunt', is written over the printed name.

R P Hunt - Secretary

20 April 2010

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

We have audited the financial statements of Herefordshire Group Training Association for the year ended 31 August 2009 on pages eight to thirteen. The financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities 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) and for being satisfied that the financial statements give a true and fair view are set out on page four.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion the information given in the Report of the Trustees is consistent with those financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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.

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

Opinion

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 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Trustees is consistent with the financial statements.



Kevin Tong FCA (Senior Statutory Auditor)
for and on behalf of Thorne Widgey
Chartered Accountants
Registered Auditors
33 Bridge Street
Hereford
Herefordshire
HR4 9DQ

20 April 2010

Herefordshire Group Training Association

Statement of Financial Activities for the Year Ended 31 August 2009

	Notes	31.8.09 Unrestricted funds £	31 8.08 Total funds £
INCOMING RESOURCES			
Incoming resources from generated funds			
Investment income	2	22,926	49,778
Incoming resources from charitable activities			
Provision of training	3	2,225,182	2,351,326
Other incoming resources		95,658	-
Total incoming resources		2,343,766	2,401,104
RESOURCES EXPENDED			
Charitable activities	4	2,325,233	2,409,462
Provision of training		3,150	3,000
Governance costs	5		
Total resources expended		2,328,383	2,412,462
NET INCOMING/(OUTGOING) RESOURCES		15,383	(11,358)
RECONCILIATION OF FUNDS			
Total funds brought forward		1,164,035	1,175,393
TOTAL FUNDS CARRIED FORWARD		1,179,418	1,164,035

The notes form part of these financial statements

Herefordshire Group Training Association

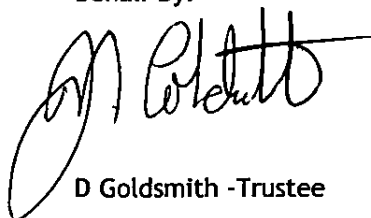
Balance Sheet

At 31 August 2009

		31.8.09 Unrestricted funds £	31.8 08 Total funds £
	Notes		
FIXED ASSETS			
Tangible assets	9	1,700,000	-
CURRENT ASSETS			
Debtors	10	153,687	280,562
Cash at bank		538,209	979,899
		<u>691,896</u>	<u>1,260,461</u>
CREDITORS			
Amounts falling due within one year	11	(215,411)	(96,426)
NET CURRENT ASSETS		<u>476,485</u>	<u>1,164,035</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,176,485	1,164,035
CREDITORS			
Amounts falling due after more than one year	12	(997,067)	-
NET ASSETS		<u>1,179,418</u>	<u>1,164,035</u>
FUNDS	14		
Unrestricted funds		<u>1,179,418</u>	<u>1,164,035</u>
TOTAL FUNDS		<u>1,179,418</u>	<u>1,164,035</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 20 April 2010 and were signed on its behalf by:



D Goldsmith -Trustee

The notes form part of these financial statements

1. ACCOUNTING POLICIES

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.

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.

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.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

-2% on cost

The charity is exempt from corporation tax on its charitable activities

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

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.

31 8.09	31.8.08
£	£
22,926	49,778

Herefordshire Group Training Association

Notes to the Financial Statements - continued
for the Year Ended 31 August 2009

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	31.8.09 £	31.8.08 £
Government funds	Provision of training	1,483,097	1,499,330
Employers contributions	Provision of training	689,588	813,228
Room hire	Provision of training	52,497	38,768
		<u>2,225,182</u>	<u>2,351,326</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct costs	Totals
	£	£
Provision of training	<u>2,325,233</u>	<u>2,325,233</u>

5. GOVERNANCE COSTS

	31.8.09 £	31.8.08 £
Office costs etc.	<u>3,150</u>	<u>3,000</u>

6. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.8.09 £	31.8.08 £
Auditors' fees	3,150	3,000
Rent of Land and buildings	<u>93,183</u>	<u>162,707</u>

The Company's existing leases for rent of land and buildings expire on 31st October 2014 for Worcester and 12th April 2014 for Leominster.

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2009 nor for the year ended 31 August 2008

Trustees' Expenses

Expenses paid in carrying out Trustees' duties amounted to £Nil (2008: £358)

Herefordshire Group Training Association

Notes to the Financial Statements - continued
for the Year Ended 31 August 2009

8. STAFF COSTS

	31.8.09	31.8.08
	£	£
Wages and salaries	896,167	867,604
Social security costs	84,252	81,315
Other pension costs	43,671	44,863
	<u>1,024,090</u>	<u>993,782</u>

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

	31.8.09	31.8.08
Training	35	36
Administration	4	4
Unpaid executive committee	9	10
	<u>48</u>	<u>50</u>

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

9. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
Additions	<u>1,700,000</u>
NET BOOK VALUE	
At 31 August 2009	<u>1,700,000</u>
At 31 August 2008	<u>-</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.09	31.8.08
	£	£
Trade debtors	<u>153,687</u>	<u>280,562</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.09	31.8.08
	£	£
Bank loans and overdrafts	64,559	-
Trade creditors	<u>150,852</u>	<u>96,426</u>
	<u>215,411</u>	<u>96,426</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2009

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

	31.8.09 £	31.8.08 £
Bank loans	<u>997,067</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	<u>238,832</u>	<u>-</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	31.8.09 £	31.8.08 £
Bank loans	<u>1,061,626</u>	<u>-</u>

Bank loans are secured on the freehold property.

14. MOVEMENT IN FUNDS

	At 1.9.08 £	Net movement in funds £	At 31.8.09 £
Unrestricted funds			
General fund	1,164,035	15,383	1,179,418
TOTAL FUNDS	<u>1,164,035</u>	<u>15,383</u>	<u>1,179,418</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,343,766	(2,328,383)	15,383
TOTAL FUNDS	<u>2,343,766</u>	<u>(2,328,383)</u>	<u>15,383</u>

Herefordshire Group Training Association

Detailed Statement of Financial Activities
for the Year Ended 31 August 2009

	31.8.09 £	31.8.08 £
INCOMING RESOURCES		
Investment income		
Investment income	22,926	49,778
Incoming resources from charitable activities		
Government funds	1,483,097	1,499,330
Employers contributions	689,588	813,228
Room hire	52,497	38,768
	<u>2,225,182</u>	<u>2,351,326</u>
Other incoming resources		
Rental income	95,658	-
	<u>95,658</u>	<u>-</u>
Total incoming resources	2,343,766	2,401,104
RESOURCES EXPENDED		
Charitable activities		
Staff salaries	896,167	867,604
Social security	84,252	81,315
Pensions	43,671	44,863
Training and courses	722,267	785,604
Trainee allowances	600	1,274
Development and acquisition expenditure	106,266	120,489
Premises costs	197,875	266,658
Office Costs	245,642	241,655
Bank loan interest	28,493	-
	<u>2,325,233</u>	<u>2,409,462</u>
Governance costs		
Office costs etc.	3,150	3,000
	<u>3,150</u>	<u>3,000</u>
Total resources expended	2,328,383	2,412,462
	<u>2,328,383</u>	<u>2,412,462</u>
Net income/(expenditure)	<u>15,383</u>	<u>(11,358)</u>

This page does not form part of the statutory financial statements