

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

Report of the Trustees and
Financial Statements For The Year Ended
31 August 2010
for
Herefordshire Group Training Association

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



Herefordshire Group Training Association

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for the Year Ended 31 August 2010

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Herefordshire Group Training Association

Report of the Trustees for the Year Ended 31 August 2010

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 2010. 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 G Davies	
J M Del Mar	- resigned 20 4.10
R C French MBE	- deceased 1 2.10
D Goldsmith	
R P Hunt	
R D Lees	- resigned 18 8.10
A Nelder	- resigned 20 4.10
A R Green	
Mrs G D Gittoes	- appointed 20.4.10
M Billig	- appointed 18 8 10

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 2010

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 2010

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 and 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, Hereford and Worcester. Following the cessation of the Learning & Skills Council, the Association's funding partner in the Leominster Industrial Estate Learning Zone, action was taken to reduce activity, staffing and costs and terminate the lease at the first opportunity.

To assist employers with the costs of apprentice training, a contract worth over a million pounds was delivered for the Learning and Skills Council and their successor organisation the Skills Funding Agency. This made the Association the largest provider of apprenticeships in Herefordshire and Worcestershire.

Herefordshire Group Training Association

Report of the Trustees

for the Year Ended 31 August 2010

ACHIEVEMENT AND PERFORMANCE

Following 2 years of record recruitment of engineering apprentices, numbers fell back to below a 10 year average. This was anticipated due to the recession. Business administration apprentices grew significantly in Worcester mainly due to the provision of apprenticeships for the Primary Health Care Trust.

The number of apprentices completing all aspects of their apprenticeship was 85% compared to 83% last year and 72% nationally. The Association was the 4th best performing Group Training Association in the country as regards apprentice success rates.

Promoting employers' career opportunities to school pupils, and to those that influence them, remained a priority. The Association co-ordinated, for the thirteenth 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.

Throughout the year, the Association's Chief Executive chaired the Herefordshire, Worcestershire and Shropshire Training Providers Association and was a Council Member of the Herefordshire Industrial Association. Following the winding-up of the Connexions Company, the Chief Executive resigned from its Board and relinquished the Chair of the Education Business Partnership.

During the year, the Association was represented on the West Midlands Engineering and Manufacturing Specialist Providers Forum and chaired the Herefordshire Children's Trust - Economic Well-Being Group.

The combined training activities returned to surplus after 2 years of loss.

The election of a new government changed the outlook for learning and skills. 'Train to Gain' and 'Advantage West Midlands' were identified for abolition, coupled with growth in apprenticeships and the establishment of Local Enterprise Partnerships. The introduction of 'Minimum Contract Levels' for apprenticeships, which may eventually require the Association to act as a sub-contractor rather than a contract holder, was seen as a potential threat to independence. An action plan was implemented to minimise the risks associated with this.

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.

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

Herefordshire Group Training Association

Report of the Trustees for the Year Ended 31 August 2010

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 £625,376

The replacement cost of these assets is estimated at £1,193,232.

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

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 Widgery, will be proposed for re-appointment at the forthcoming Annual General Meeting

Herefordshire Group Training Association

Report of the Trustees
for the Year Ended 31 August 2010

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'R P Hunt', written in a cursive style.

R P Hunt - Secretary

5 April 2011

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 2010 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 2010 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 FCEA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery
Chartered Accountants
Registered Auditors
33 Bridge Street
Hereford
Herefordshire
HR4 9DQ

5 April 2011

Herefordshire Group Training Association

Statement of Financial Activities
for the Year Ended 31 August 2010

		31.8.10 Unrestricted funds £	31.8.09 Total funds £
	Notes		
INCOMING RESOURCES			
Incoming resources from generated funds			
Investment income	2	532	22,926
Incoming resources from charitable activities	3		
Provision of training		1,896,128	2,225,182
Other incoming resources		111,220	95,658
Total incoming resources		2,007,880	2,343,766
 RESOURCES EXPENDED			
Charitable activities	4		
Provision of training		1,870,763	2,325,233
Governance costs	5	3,300	3,150
Total resources expended		1,874,063	2,328,383
 NET INCOMING RESOURCES		133,817	15,383
 RECONCILIATION OF FUNDS			
Total funds brought forward		1,179,418	1,164,035
 TOTAL FUNDS CARRIED FORWARD		1,313,235	1,179,418

The notes form part of these financial statements

Herefordshire Group Training Association

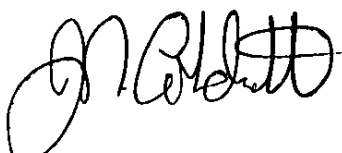
Balance Sheet

At 31 August 2010

	Notes	31 8.10 Unrestricted funds £	31 8 09 Total funds £
FIXED ASSETS			
Tangible assets	9	1,700,000	1,700,000
CURRENT ASSETS			
Debtors	10	189,578	153,687
Cash at bank		553,470	538,209
		<u>743,048</u>	<u>691,896</u>
CREDITORS			
Amounts falling due within one year	11	(192,332)	(215,411)
NET CURRENT ASSETS		<u>550,716</u>	<u>476,485</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,250,716	2,176,485
CREDITORS			
Amounts falling due after more than one year	12	(937,481)	(997,067)
NET ASSETS		<u>1,313,235</u>	<u>1,179,418</u>
FUNDS	14		
Unrestricted funds		1,313,235	1,179,418
TOTAL FUNDS		<u>1,313,235</u>	<u>1,179,418</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 5 April 2011 and were signed on its behalf by



D Goldsmith -Trustee

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 August 2010

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 10	31.8 09
	£	£
Investment income	532	22,926
	<u> </u>	<u> </u>

Herefordshire Group Training Association

Notes to the Financial Statements - continued
for the Year Ended 31 August 2010

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

		31.8.10	31.8.09
	Activity	£	£
Government funds	Provision of training	1,355,836	1,483,097
Employers contributions	Provision of training	495,559	689,588
Room hire	Provision of training	44,733	52,497
		<u>1,896,128</u>	<u>2,225,182</u>

4. CHARITABLE ACTIVITIES COSTS

	Direct costs	Totals
	£	£
Provision of training	<u>1,870,763</u>	<u>1,870,763</u>

5. GOVERNANCE COSTS

	31.8.10	31.8.09
	£	£
Office costs etc	<u>3,300</u>	<u>3,150</u>

6. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.8.10	31.8.09
	£	£
Auditors' fees	3,300	3,150
Rent of Land and buildings	<u>80,000</u>	<u>93,183</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 2010 nor for the year ended 31 August 2009

Trustees' Expenses

Expenses paid in carrying out Trustees' duties amounted to £Nil (2009. £Nil)

Herefordshire Group Training Association

Notes to the Financial Statements - continued
for the Year Ended 31 August 2010

8. STAFF COSTS

	31 8.10	31 8.09
	£	£
Wages and salaries	795,613	896,167
Social security costs	74,226	84,252
Other pension costs	37,163	43,671
	<u>907,002</u>	<u>1,024,090</u>

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

	31 8 10	31 8 09
Training	32	35
Administration	4	4
Unpaid executive committee	8	9
	<u>44</u>	<u>48</u>

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

9. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1 September 2009 and 31 August 2010	<u>1,700,000</u>
NET BOOK VALUE	
At 31 August 2010	<u>1,700,000</u>
At 31 August 2009	<u>1,700,000</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 8.10	31 8 09
	£	£
Trade debtors	<u>189,578</u>	<u>153,687</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.10	31 8 09
	£	£
Bank loans and overdrafts	64,559	64,559
Trade creditors	<u>127,773</u>	<u>150,852</u>
	<u>192,332</u>	<u>215,411</u>

Herefordshire Group Training Association

Notes to the Financial Statements - continued
for the Year Ended 31 August 2010

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

	31 8 10	31.8.09
	£	£
Bank loans	<u>937,481</u>	<u>997,067</u>

Amounts falling due in more than five years:

Repayable by instalments:		
Bank loans more 5 yr by instal	<u>174,274</u>	<u>238,832</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	31 8.10	31 8 09
	£	£
Bank loans	<u>1,002,040</u>	<u>1,061,626</u>

Bank loans are secured on the freehold property

14. MOVEMENT IN FUNDS

	At 1.9.09 £	Net movement in funds £	At 31.8 10 £
Unrestricted funds			
General fund	1,179,418	133,817	1,313,235
TOTAL FUNDS	<u>1,179,418</u>	<u>133,817</u>	<u>1,313,235</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,007,880	(1,874,063)	133,817
TOTAL FUNDS	<u>2,007,880</u>	<u>(1,874,063)</u>	<u>133,817</u>