

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

Report of the Trustees and
Financial Statements for the Year Ended
31 August 2014
for
Herefordshire Group Training Association
Limited (by guarantee)



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

Herefordshire Group Training Association
Limited (by guarantee)

Contents of the Financial Statements
for the Year Ended 31 August 2014

	Page
Report of the Trustees	1 to 4
Report of the Independent Auditors	5 to 6
Statement of Financial Activities	7
Balance Sheet	8
Notes to the Financial Statements	9 to 12
Detailed Statement of Financial Activities	13

Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Year Ended 31 August 2014

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 2014. 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
Mrs C Rowles

Company Director

Company Secretary
R P Hunt

Auditors

Thorne Widgery 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
Herefordshire
HR4 9AP

Report of the Trustees
for the Year Ended 31 August 2014

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 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

There have been no changes in the Company's objectives during the year. The objectives 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 87% was achieved during the year, an increase compared to the previous year which was 83%. The Engineering success rate was at an unprecedented high of 90%. An improved method of managing success rates was introduced by the operational managers.

During the year the Skills Funding Agency (SFA) conducted a Financial Audit using KPMG, the result was just one minor non-compliance resulting in the Association under claiming funding to less than .001%.

Apprentice placements across both Hereford and Worcester increased during the year, with further increases anticipated in the coming year. Whilst this is encouraging it underpins the need for improved facilities in Worcester and greater monitoring of 19+ learners as funding cuts introduced in previous years are having a greater impact as the number of learners within this age bracket increase.

Herefordshire Group Training Association
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Report of the Trustees
for the Year Ended 31 August 2014

ACHIEVEMENT AND PERFORMANCE

The Association has once again achieved a surplus through its business activities and income generated through property interests. The Skills Funding Agency has confirmed the Association's ongoing contract for this year at a value in the region of £1,400,000. This is against a background of ongoing Government funding reforms which is likely to be the case until after the general election in May 2015. Apprenticeships are continuing to receive support from the Government, with even greater emphasis being placed on employer led training, and in view of this the SFA funding for the current year is not considered to be at risk.

The Board of Directors continue to review the Association's Worcester premises as a priority. Capital Funding via the Local Enterprise Partnership (LEP) for Worcestershire has been secured to the value of £800,000 which will require matched funding from the Association and various premises are being assessed for suitability.

Following Philip Round's decision to retire in November 2014 after 30 years, Duane Sanger was appointed as the new CEO following a rigorous recruitment and selection process.

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
Limited (by guarantee)

Report of the Trustees
for the Year Ended 31 August 2014

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 £555,469 (2013: £617,188).

The replacement cost of these assets is estimated at £1,084,444 (2013: £1,178,744).

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

Approved by order of the board of trustees on ...18 MARCH 2015..... and signed on its behalf by:

.....
R P Hunt - Secretary

Report of the Independent Auditors to the Members of
Herefordshire Group Training Association
Limited (by guarantee)

We have audited the financial statements of Herefordshire Group Training Association Limited (by guarantee) for the year ended 31 August 2014 on pages seven to twelve. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 (by guarantee)

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 from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Mr Kevin Tong FCCA ACA (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

Date: 18/3/15

Herefordshire Group Training Association
Limited (by guarantee)

Statement of Financial Activities
for the Year Ended 31 August 2014

		31.8.14 Total Unrestricted funds £	31.8.13 Total Unrestricted funds £
	Notes		
INCOMING RESOURCES			
Incoming resources from generated funds			
Investment income	2	2,894	2,258
Incoming resources from charitable activities	3		
Provision of training		2,278,508	2,083,237
Other incoming resources		<u>99,256</u>	<u>117,242</u>
Total incoming resources		2,380,658	2,202,737
 RESOURCES EXPENDED			
Charitable activities	4		
Provision of training		2,289,364	2,072,247
Governance costs	5	<u>3,200</u>	<u>3,200</u>
Total resources expended		2,292,564	2,075,447
 NET INCOMING RESOURCES		88,094	127,290
 RECONCILIATION OF FUNDS			
Total funds brought forward		1,521,991	1,394,701
 TOTAL FUNDS CARRIED FORWARD		<u>1,610,085</u>	<u>1,521,991</u>

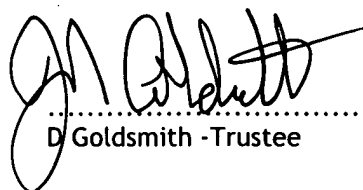
Herefordshire Group Training Association
Limited (by guarantee)

Balance Sheet
At 31 August 2014

	Notes	31.8.14 Total Unrestricted funds £	31.8.13 Total Unrestricted funds £
FIXED ASSETS			
Tangible assets	9	1,700,000	1,700,000
CURRENT ASSETS			
Debtors	10	314,924	258,636
Cash at bank		<u>270,241</u>	<u>355,456</u>
		585,165	614,092
CREDITORS			
Amounts falling due within one year	11	(213,759)	(226,784)
NET CURRENT ASSETS		<u>371,406</u>	<u>387,308</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,071,406	2,087,308
CREDITORS			
Amounts falling due after more than one year	12	(461,321)	(565,317)
NET ASSETS		<u>1,610,085</u>	<u>1,521,991</u>
FUNDS	14		
Unrestricted funds		<u>1,610,085</u>	<u>1,521,991</u>
TOTAL FUNDS		<u>1,610,085</u>	<u>1,521,991</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 18 MARCH 2015.....
and were signed on its behalf by:


.....
D Goldsmith -Trustee

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

	31.8.14	31.8.13
	£	£
Investment income	<u>2,894</u>	<u>2,258</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

		31.8.14	31.8.13
	Activity	£	£
Government funds	Provision of training	1,217,473	1,263,248
Employers contributions	Provision of training	1,045,887	806,707
Room hire	Provision of training	15,148	13,282
		<u>2,278,508</u>	<u>2,083,237</u>

4. CHARITABLE ACTIVITIES COSTS

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

5. GOVERNANCE COSTS

	31.8.14	31.8.13
	£	£
Office costs etc.	<u>3,200</u>	<u>3,200</u>

6. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	31.8.14	31.8.13
	£	£
Auditors' fees	3,200	3,200
Rent of Land and buildings	<u>59,150</u>	<u>57,863</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 2014 nor for the year ended 31 August 2013.

Trustees' expenses

Expenses paid in carrying out Trustees' duties amounted to £Nil (2013: £Nil)

Herefordshire Group Training Association
Limited (by guarantee)

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

8. STAFF COSTS

	31.8.14	31.8.13
	£	£
Wages and salaries	963,008	893,417
Social security costs	88,775	84,636
Other pension costs	58,654	54,477
	<u>1,110,437</u>	<u>1,032,530</u>

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

	31.8.14	31.8.13
Training	32	33
Administration	6	4
Unpaid executive committee	7	7
	<u>45</u>	<u>44</u>

No employees received emoluments in excess of £60,000.

9. TANGIBLE FIXED ASSETS

	Freehold property £
COST	
At 1 September 2013 and 31 August 2014	<u>1,700,000</u>
NET BOOK VALUE	
At 31 August 2014	<u>1,700,000</u>
At 31 August 2013	<u>1,700,000</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.14	31.8.13
	£	£
Trade debtors	<u>314,924</u>	<u>258,636</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.14	31.8.13
	£	£
Bank loans and overdrafts	128,403	128,403
Trade creditors	<u>85,356</u>	<u>98,381</u>
	<u>213,759</u>	<u>226,784</u>

Herefordshire Group Training Association
Limited (by guarantee)

Notes to the Financial Statements - continued
for the Year Ended 31 August 2014

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

	31.8.14 £	31.8.13 £
Bank loans	<u>461,321</u>	<u>565,317</u>

Amounts falling due in more than five years:

Repayable by instalments:

Bank loans more 5 yr by instal	<u>-</u>	<u>51,705</u>
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13. SECURED DEBTS

The following secured debts are included within creditors:

	31.8.14 £	31.8.13 £
Bank loans	<u>589,724</u>	<u>693,720</u>

Bank loans are secured on the freehold property.

14. MOVEMENT IN FUNDS

	At 1.9.13 £	Net movement in funds £	At 31.8.14 £
Unrestricted funds			
General fund	1,521,991	88,094	1,610,085
TOTAL FUNDS	<u>1,521,991</u>	<u>88,094</u>	<u>1,610,085</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,380,658	(2,292,564)	88,094
TOTAL FUNDS	<u>2,380,658</u>	<u>(2,292,564)</u>	<u>88,094</u>