

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

Report of the Trustees and
Financial Statements
for the Period
1 September 2019 to 31 July 2020

for

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

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



Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

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for the Period 1 September 2019 to 31 July 2020

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Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Period 1 September 2019 to 31 July 2020

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 period 1 September 2019 to 31 July 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

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

Report of the Trustees
for the Period 1 September 2019 to 31 July 2020

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 Education & Skills Funding Agency and Institute for Apprenticeships and Technical Education
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.

The Association has again continued to work in achieving its priorities as set out above whilst:

- Further developing existing Apprenticeship Standards and introducing new Apprenticeship standards as a lead provider to service local needs.
- Managing a shortfall in Apprenticeship income organisationally.
- Managing the impact of the COVID-19 pandemic including restrictions to our activities.

During this period the Association has generated an operational surplus. The Association continues to endure a deficit in, in-year income while engineering apprenticeships progress to completion and final EPA payments, although this is mitigated by other standards delivered reaching EPA and generating achievement payments. The Association has been successful in renewing its ESFA contracts for apprenticeship delivery.

The ESFA determined that due to the COVID-19 pandemic achievement rates would not be published in 2020. The Association's achievement rates increased year-on-year and are expected to remain significantly higher than the national average. The trustees monitor and scrutinise success rates to ensure achievement remains consistently high and challenge the management team to continually improve all elements of training delivery.

Several new programmes have been developed and implemented to comply with the new apprenticeship standards and prepare for the end of framework programmes. As of the end of this financial year all apprenticeships offered are now to standards. Apprentice intake numbers were consistent during the beginning of this period although a drop in starts occurred because of the pandemic and is also expected to negatively impact future years. The Association continues to see a growth in uptake in Leadership and Management Apprenticeship programmes.

FINANCIAL REVIEW

GOING CONCERN AND COVID19

The Board have considered the effect of the COVID19 pandemic on the future of the organisation and believe they are in a sound financial position to continue for the foreseeable future. The Association's COVID19 response includes:

- Following official Government guidance to ensure the safety and health of employees, learners and anyone we interact with.
- Implementation of remote learning where it is possible to allow programmes to continue during lockdown and without detrimental impact to the high standards expected.
- Provision of in-centre practical training under strict control protocols where specialist equipment is required.
- Utilising the Coronavirus Job Retention Scheme where the loss of commercial training activity and lockdown resulted in training activity ceasing.
- Continuing to support employers and learners throughout the pandemic to ensure that learners remain in training and continue towards achievement.
- Ensuring financial risk assessment and forecasting is performed and reviewed to ensure the activities remain viable.
- Working with all stakeholders and network partners to share best practice.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT
REMUNERATION POLICY - SENIOR STAFF

All Trustees/Directors give of their time voluntarily and freely and have received no remuneration or reimbursement of expenses during the year.

The Senior Management Team comprises key management personnel responsible for efficient and effective control of their designated operations on a day to day basis. The Chief Executive, as appointed by the Board of Trustees/Directors, has overall strategic and operational control of the Association. The Board assemble a Remuneration Committee comprising the Chief Executive, the Chairman, the Treasurer and the Secretary who meet annually to conduct a salary review for all staff; market factors, average earnings locally and recruitment needs are considered. Individuals may be reviewed independently where a significant change in their role has occurred. The Chief Executive exits the meeting so that their remuneration can be reviewed confidentially.

Herefordshire Group Training Association Limited is a company limited by guarantee and a charity. The charitable company's memorandum and articles of association are the primary governing documents.

The trustees are also directors of the charitable company for the purposes of company law. The method and recruitment of trustees is defined in the Articles of Association.

Details of the trustees who served throughout the year are included in the Reference and Administrative details on page 3.

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.

FUND-RAISING STANDARDS INFORMATION

The Association does not carry out any significant fundraising activities.

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 (resigned 1.11.19)
D Goldsmith
Mrs G D Gittoes
Mrs C Rowles
S Green
D J Hunt (appointed 1.11.19)
N J Chatley (appointed 1.11.19)
D M Wood (appointed 1.11.19)

Chief Executive

N Morgan

Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Period 1 September 2019 to 31 July 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Company Secretary

R J Griffiths

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

Lloyds Bank PLC

8 High Town

Hereford

HR1 2AE

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 Business Innovation & Skills (BIS).

It is anticipated that this funding will continue to be volatile.

Secure and suitable premises in Herefordshire and Worcestershire.

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, we are working towards operating cash reserves being 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 review current levels of reserves along with various operational factors 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.

PLANS FOR FUTURE PERIODS

The Association plans to continue the work in line with the principal activities of the company.

Report of the Trustees
for the Period 1 September 2019 to 31 July 2020

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 on20/4/21..... and signed on its behalf by:



Mrs G D Gittoes - Trustee

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

Opinion

We have audited the financial statements of Herefordshire Group Training Association Limited (by guarantee) (the 'charitable company') for the period ended 31 July 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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.



Lisa Weaver 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

Date: 21/4/21

Herefordshire Group Training Association
Limited (by guarantee)

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Period 1 September 2019 to 31 July 2020

					Period 1.9.19 to 31.7.20 Total funds £	Year Ended 31.8.19 Total funds £
	Notes	Unrestricted fund £	Designated fund £	Restricted fund £		
INCOME AND ENDOWMENTS FROM						
Charitable activities	3					
Provision of training		2,599,387	-	-	2,599,387	2,696,220
Investment income	2	85,578	-	-	85,578	88,076
Total		2,684,965	-	-	2,684,965	2,784,296
EXPENDITURE ON						
Raising funds						
Investment management costs	4	3,429	-	-	3,429	5,191
		3,429	-	-	3,429	5,191
Charitable activities	5					
Provision of training		2,502,176	-	-	2,502,176	2,775,102
Total		2,505,605	-	-	2,505,605	2,780,293
NET INCOME		179,360	-	-	179,360	4,003
RECONCILIATION OF FUNDS						
Total funds brought forward		3,296,764	-	-	3,296,764	3,292,761
TOTAL FUNDS CARRIED FORWARD		3,476,124	-	-	3,476,124	3,296,764


The notes form part of these financial statements

Balance Sheet
31 July 2020

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	31.7.20 Total funds £	31.8.19 Total funds £
FIXED ASSETS						
Tangible assets	10	4,076,325	-	-	4,076,325	4,139,605
Investment property	11	845,000	-	-	845,000	845,000
		<u>4,921,325</u>	<u>-</u>	<u>-</u>	<u>4,921,325</u>	<u>4,984,605</u>
CURRENT ASSETS						
Debtors	12	241,809	-	-	241,809	299,895
Cash at bank		716,605	-	-	716,605	474,037
		<u>958,414</u>	<u>-</u>	<u>-</u>	<u>958,414</u>	<u>773,932</u>
CREDITORS						
Amounts falling due within one year	13	(261,127)	-	-	(261,127)	(249,934)
		<u>697,287</u>	<u>-</u>	<u>-</u>	<u>697,287</u>	<u>523,998</u>
NET CURRENT ASSETS						
		<u>697,287</u>	<u>-</u>	<u>-</u>	<u>697,287</u>	<u>523,998</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,618,612</u>	<u>-</u>	<u>-</u>	<u>5,618,612</u>	<u>5,508,603</u>
CREDITORS						
Amounts falling due after more than one year	14	(2,142,488)	-	-	(2,142,488)	(2,211,839)
		<u>3,476,124</u>	<u>-</u>	<u>-</u>	<u>3,476,124</u>	<u>3,296,764</u>
NET ASSETS		<u>3,476,124</u>	<u>-</u>	<u>-</u>	<u>3,476,124</u>	<u>3,296,764</u>
FUNDS	18					
Unrestricted funds:						
General fund					3,476,124	3,296,764
TOTAL FUNDS					<u>3,476,124</u>	<u>3,296,764</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 20/4/21 and were signed on its behalf by:


D Goldsmith - Trustee

Herefordshire Group Training Association
Limited (by guarantee)

Cash Flow Statement
for the Period 1 September 2019 to 31 July 2020

	Notes	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Cash flows from operating activities			
Cash generated from operations	1	369,328	153,551
Interest paid		(41,980)	(72,489)
Rental income		(83,854)	(87,244)
Net cash provided by/(used in) operating activities		<u>243,494</u>	<u>(6,182)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(18,000)	(79,438)
Interest received		1,724	1,862
Rental income		83,854	87,244
Net cash provided by investing activities		<u>67,578</u>	<u>9,668</u>
Cash flows from financing activities			
New loans in year		-	2,373,400
Loan repayments in year		(68,504)	(2,429,614)
Net cash used in financing activities		<u>(68,504)</u>	<u>(56,214)</u>
Change in cash and cash equivalents in the reporting period		<u>242,568</u>	<u>(52,728)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>474,037</u>	<u>526,765</u>
Cash and cash equivalents at the end of the reporting period		<u><u>716,605</u></u>	<u><u>474,037</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Period 1 September 2019 to 31 July 2020

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Net income for the reporting period (as per the Statement of Financial Activities)	179,360	4,003
Adjustments for:		
Depreciation charges	81,279	75,279
Interest received	(1,724)	(1,862)
Interest paid	41,980	72,489
Decrease in debtors	58,086	36,215
Increase/(decrease) in creditors	10,347	(32,573)
Net cash provided by operations	<u>369,328</u>	<u>153,551</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.19 £	Cash flow £	At 31.7.20 £
Net cash			
Cash at bank and in hand	<u>474,037</u>	<u>242,568</u>	<u>716,605</u>
	<u>474,037</u>	<u>242,568</u>	<u>716,605</u>
Debt			
Debts falling due within 1 year	(95,820)	(847)	(96,667)
Debts falling due after 1 year	<u>(2,211,839)</u>	<u>69,351</u>	<u>(2,142,488)</u>
	<u>(2,307,659)</u>	<u>68,504</u>	<u>(2,239,155)</u>
Total	<u>(1,833,622)</u>	<u>311,072</u>	<u>(1,522,550)</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Herefordshire Group Training Association Limited meets the definition of a public benefit entity under FRS 102.

Going Concern and the impact of COVID19

Due to the current issues with the COVID19 pandemic, the Board have seriously considered the basis on which the financial statements have been prepared and feel the going concern basis is appropriate due to the following factors:

The board is confident that the Chief Executive and Management team are providing effective leadership to ensure the long-term security of the Association during these unprecedented times.

The Association has taken immediate measures to reduce all direct expenditure and variable costs to the lowest feasible levels, while undertaking a rapid transition of delivery models to allow training to continue and protect apprenticeship income.

Recruitment planning is underway to ensure new apprentices can begin on programmes as soon as employers begin returning to regular activity. It is highly likely there will be a negative impact on apprentice recruitment numbers over the coming 6 to 12 months and therefore a reduction in longer term income.

The leadership team is taking a strategic approach to planning for this to mitigate any effect and ensure the Association remains a viable concern in the coming years.

At the year end the organisation has Free Reserves in excess of £700k, the majority of which is held in the form of cash at bank. This is still the case as of date of signing these financial statements.

The board will continue to monitor and review the activities and provide strong and clear governance.

Income

All income is recognised in the Statement of Financial Activities once the charitable company has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, is recognised when the charitable company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the Bank.

Rental income is recognised on a straight line basis over the term of the lease.

Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amounts prepaid net of any discounts due.

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

Tangible fixed assets

The Association states property interests at fair value. The Association engaged independent valuation specialists to determine fair value at 31 August 2016, the valuation technique used was market value based on local market data.

Crossway House	£940,000
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The directors are of the opinion that this is still a true market value.

Individual fixed assets costing £5,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives as follows:

Property Improvements	Straight Line over 10 years
Fixtures & Fittings	Straight Line over 4 years
Plant & Machinery	Straight Line over 10 years
Hardware & Software	Straight Line over 3 years
IT & Infrastructure	100% Straight line in year 1

Assets under construction are not depreciated until brought into use.

Investment property

Investment property is initially measured at cost and subsequently at fair value at the reporting date.

Elgar House	£845,000
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The directors are of the opinion that this is still a true market value.

Taxation

The charitable company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

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.

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.

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

1. ACCOUNTING POLICIES - continued

Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Cash and bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2. INVESTMENT INCOME

	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Rents received	83,854	86,214
Investment income	1,724	1,862
	<u>85,578</u>	<u>88,076</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Government funds	Provision of training	2,039,287	1,894,215
Employers contributions	Provision of training	453,791	788,695
Room hire	Provision of training	6,192	13,310
Grants - CJRS	Provision of training	100,117	-
		<u>2,599,387</u>	<u>2,696,220</u>

Grants received, included in the above, are as follows:

	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Covid Job Retention Scheme	<u>100,117</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

4. INVESTMENT MANAGEMENT COSTS

	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Interest payable and similar charges	<u>3,429</u>	<u>5,191</u>

5. CHARITABLE ACTIVITIES COSTS

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

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Depreciation - owned assets	81,280	75,279
Auditors' fees - statutory audit	<u>5,745</u>	<u>5,500</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31 July 2020 nor for the year ended 31 August 2019.

Trustees' expenses

Expenses paid in carrying out Trustees' duties amounted to £Nil (2019: £Nil)

8. STAFF COSTS

	Period 1.9.19 to 31.7.20 £	Year Ended 31.8.19 £
Wages and salaries	1,221,383	1,232,369
Social security costs	125,361	121,430
Other pension costs	73,973	61,491
	<u>1,420,717</u>	<u>1,415,290</u>

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

8. STAFF COSTS - continued

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

	Period 1.9.19 to 31.7.20	Year Ended 31.8.19
Training	42	39
Administration	5	5
Unpaid executive committee	7	5
	<u>54</u>	<u>49</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Period 1.9.19 to 31.7.20	Year Ended 31.8.19
£60,001 - £70,000	1	-
	<u>1</u>	<u>-</u>

The key management personnel of the charitable company comprise the trustees, the Chief Executive Officer(s) and the management team. The total employee benefits of the key management personnel were £225k (2019: £218k)

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - 31 AUGUST 2019

	Unrestricted fund £	Designated fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Charitable activities				
Provision of training	2,696,220	-	-	2,696,220
Investment income	88,076	-	-	88,076
Total	<u>2,784,296</u>	<u>-</u>	<u>-</u>	<u>2,784,296</u>
EXPENDITURE ON				
Raising funds				
Investment management costs	5,191	-	-	5,191
	<u>5,191</u>	<u>-</u>	<u>-</u>	<u>5,191</u>
Charitable activities				
Provision of training	2,775,102	-	-	2,775,102
Total	<u>2,780,293</u>	<u>-</u>	<u>-</u>	<u>2,780,293</u>
NET INCOME	<u>4,003</u>	<u>-</u>	<u>-</u>	<u>4,003</u>

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - 31 AUGUST 2019 - continued

	Unrestricted fund £	Designated fund £	Restricted fund £	Total funds £
RECONCILIATION OF FUNDS				
Total funds brought forward	3,292,761	-	-	3,292,761
TOTAL FUNDS CARRIED FORWARD	3,296,764	-	-	3,296,764

The designated fund is held for future dilapidation costs.

10. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 September 2019	3,740,656	326,821	392,007
Additions	-	-	-
At 31 July 2020	3,740,656	326,821	392,007
DEPRECIATION			
At 1 September 2019	-	95,430	268,550
Charge for year	-	32,682	18,750
At 31 July 2020	-	128,112	287,300
NET BOOK VALUE			
At 31 July 2020	3,740,656	198,709	104,707
At 31 August 2019	3,740,656	231,391	123,457

	Fixtures and fittings £	Hardware & Software £	IT & Infrastructure £	Totals £
COST				
At 1 September 2019	34,001	46,045	33,766	4,573,296
Additions	-	18,000	-	18,000
At 31 July 2020	34,001	64,045	33,766	4,591,296
DEPRECIATION				
At 1 September 2019	20,597	15,348	33,766	433,691
Charge for year	8,499	21,349	-	81,280
At 31 July 2020	29,096	36,697	33,766	514,971
NET BOOK VALUE				
At 31 July 2020	4,905	27,348	-	4,076,325
At 31 August 2019	13,404	30,697	-	4,139,605

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

11. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 September 2019	
and 31 July 2020	845,000
NET BOOK VALUE	
At 31 July 2020	845,000
At 31 August 2019	845,000

During the year ended 31 August 2016 the investment and freehold properties were revalued by an independent valuer. The fair value was determined by using market value as defined in the RICS Appraisal and Valuation Standards. The combined cost brought forward was £1,700,000. The fair value was calculated to be £845,000 for the investment property and £940,000 for the freehold property, a combined value of £1,785,000 and an increase of £85,000. The charitable company has taken advantage of the transitional relief to measure the items at fair value at date of transition to FRS 102. The investment property will be measured at fair value at the reporting date. The directors are of the opinion that this is still a true market value.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.20	31.8.19
	£	£
Trade and other debtors	214,764	281,198
Prepayments and accrued income	27,045	18,697
	<u>241,809</u>	<u>299,895</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.20	31.8.19
	£	£
Bank loans and overdrafts (see note 15)	96,667	95,820
Trade and other creditors	74,940	78,901
Social security and other taxes	51,723	41,075
Accruals and deferred income	37,797	34,138
	<u>261,127</u>	<u>249,934</u>

	2020	2019
	£	£
Deferred Income at 1 September 2019	7,208	14,039
Released from previous years	(7,208)	(14,039)
Resources deferred in the year	16,608	7,208
Deferred Income at 31 August 2020	<u>16,608</u>	<u>7,208</u>

At the balance sheet date the Association was holding funds received in advance in relation to rental income and income from a qualification board relating to the 20/21 financial year.

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

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

	31.7.20	31.8.19
	£	£
Bank loans (see note 15)	<u>2,142,488</u>	<u>2,211,839</u>

15. LOANS

An analysis of the maturity of loans is given below:

	31.7.20	31.8.19
	£	£
Amounts falling due within one year on demand:		
Bank loans	<u>96,667</u>	<u>95,820</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>96,667</u>	<u>95,820</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>289,698</u>	<u>287,459</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	1,756,123	1,828,560

16. LEASING AGREEMENTS

At 31 July 2020 the total future minimum lease payments under non-cancellable operating leases were:

	Other operating leases	
	31.7.20	31.8.19
	£	£
Expiring:		
Within one year	33,326	37,685
Between one and five years	<u>20,807</u>	<u>43,048</u>
	<u>54,133</u>	<u>80,733</u>

At 31 July 2020 the total future minimum lease receipts under non-cancellable operating leases were:

	Land and Buildings	
	31.7.20	31.8.19
	£	£
Expiring:		
Within one year	49,233	84,400
Between one and five years	-	<u>49,233</u>
	<u>49,233</u>	<u>133,633</u>

Notes to the Financial Statements - continued
for the Period 1 September 2019 to 31 July 2020

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.7.20 £	31.8.19 £
Bank loans	2,239,155	2,307,659

The secured bank loans are secured at 31 July 2020 on freehold and investment property. The terms of the security provide for the lender to claim immediate repayment of the loan in the event of a default.

18. MOVEMENT IN FUNDS

	At 1.9.19 £	Net movement in funds £	At 31.7.20 £
Unrestricted funds			
General fund	3,296,764	179,360	3,476,124
TOTAL FUNDS	3,296,764	179,360	3,476,124

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,684,965	(2,505,605)	179,360
TOTAL FUNDS	2,684,965	(2,505,605)	179,360

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	At 31.8.19 £
Unrestricted funds			
General fund	3,292,761	4,003	3,296,764
TOTAL FUNDS	3,292,761	4,003	3,296,764

18. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,784,296	(2,780,293)	4,003
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	2,784,296	(2,780,293)	4,003
	<hr/>	<hr/>	<hr/>

19. EMPLOYEE BENEFIT OBLIGATIONS

During the period the charitable company incurred pension costs of £73,973 (2019: £61,491). There was an amount of £17,405 outstanding at the year end (2019: £8,439)

20. RELATED PARTY DISCLOSURES

The trustees are all associated with companies that are customers of the Association. All transactions with these companies are carried out at normal commercial rates.

21. ULTIMATE CONTROLLING PARTY

The trustees are deemed to be the ultimate controlling party of the charitable company.