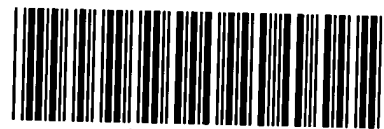


REGISTERED COMPANY NUMBER: 1475237 (England and Wales)
REGISTERED CHARITY NUMBER: 512976

Report of the Trustees and
Financial Statements for the Year Ended 31 August 2017
for

Herefordshire Group Training Association
Limited (by guarantee)

THURSDAY



A16 *A7742IJ4* 31/05/2018 #203
COMPANIES HOUSE

Thorne Widgery 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 2017

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Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Year Ended 31 August 2017

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 2017. 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 2015).

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 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

There have been no changes in the Company's objects during the year. The objects as stated in the Company's Memorandum of Association for which the Company is established are:

- a) To promote and advance the theoretical and practical education and training of persons engaged in, or intending to be engaged in, industry and commerce.
- b) Subject to the foregoing object, to extend such provision or assistance to the training or education of members of the public generally.

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

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

ACHIEVEMENT AND PERFORMANCE

The priorities for the year were to:

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

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

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

- Working towards a transition to the new apprenticeship standards,
- Investment in equipment,
- Carrying out significant premises update at the Hereford site
- Concluding a brand new purpose built facility in Worcester to replace the existing Worcester facility, that was no longer fit for purpose

A grant of £365,000 from the Marches Local Enterprise Partnerships, alongside match funding from the Association, has supported its commitment for future sustainability in terms of premises in Hereford and assisted the funding of the much needed industry standard equipment for training. The investment enhances further, the capability of supporting training for its Member Companies in areas such as CNC machining, 3D design, maintenance and welding & fabrication.

A grant of £950,000 from the Worcester Local Enterprise Partnership and a further £70,000 from Worcester City Council, supported again with match funding from the Association, has secured the opening of the new Worcester premises on the 7th August 2017. This will further strengthen the Association's ability to service its members across the two counties in all aspects of training.

Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Year Ended 31 August 2017

ACHIEVEMENT AND PERFORMANCE (continued)

During this period the Government introduced two significant changes simultaneously; the funding reforms, including the introduction of the Apprenticeship levy and the introduction of the new Apprenticeship Standards. The Association has continued to work with its Member Companies to ensure minimal impact on learners, whilst the new systems and qualifications are embedded. The trustees have recognised the significant impact this has had in terms of delivery and future financial planning for the Association and its members, thereby agreeing a new model of training fee's.

The Association achieved its highest overall success rate for 2016-17 of 89.58% organisationally, this compares very favourably to the latest published national overall success rate of 67%.

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.

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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
1475237 (England and Wales)

Registered Charity number
512976

Registered office
Holmer Road
Hereford
HR4 9SX

Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Year Ended 31 August 2017

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

M Barker
D Goldsmith
R P Hunt
A R Green
Mrs G D Gittoes
Mrs C Rowles

Chief Executive

D Sanger

Company Secretary

R P Hunt

Auditors

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

Solicitors

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

Bankers

Natwest Bank PLC
12 Broad Street
Hereford
Herefordshire
HR4 9AP

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

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.

Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Year Ended 31 August 2017

Level of reserves

To meet fluctuations in funding and routine capital expenditure, operating cash 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 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.

FIXED ASSETS

This year the Association has introduced further assets to the balance sheet and conducted a property valuation in order to comply with the updated Charities SORP.

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.

Herefordshire Group Training Association
Limited (by guarantee)

Report of the Trustees
for the Year Ended 31 August 2017

Approved by order of the board of trustees on 30/5/18 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A R Green', written over a dotted line.

A R Green - 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 year ended 31 August 2017 on pages eight to twenty one. 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'.

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.

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 2017 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the 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 the provisions available for small entities, in the circumstances set out in note 21 to the financial statements, 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 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, 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.

Opinion 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 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, 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.


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: 30/5/18

Herefordshire Group Training Association
Limited (by guarantee)

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2017

| | Notes | Unrestricted fund £ | Designated fund £ | Restricted fund £ | 31.8.17 Total funds £ | 31.8.16 Total funds £ |
|------------------------------------|-------|---------------------------|-------------------------|-------------------------|-----------------------------|-----------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | | |
| Grants | 2 | - | - | 1,291,655 | 1,291,655 | - |
| Charitable activities | 4 | - | - | - | - | - |
| Provision of training | | 2,525,913 | - | - | 2,525,913 | 2,384,024 |
| Investment income | 3 | 88,886 | - | - | 88,886 | 157,143 |
| Total | | 2,614,799 | - | 1,291,655 | 3,906,454 | 2,541,167 |
| EXPENDITURE ON | | | | | | |
| Raising funds | | | | | | |
| Investment management costs | 5 | 18,164 | - | - | 18,164 | 35,722 |
| | | 18,164 | - | - | 18,164 | 35,722 |
| Charitable activities | 6 | | | | | |
| Provision of training | | 2,436,972 | - | 86,189 | 2,523,161 | 2,315,841 |
| Total | | 2,455,136 | - | 86,189 | 2,541,325 | 2,351,563 |
| NET INCOME | | 159,663 | - | 1,205,466 | 1,365,129 | 189,604 |
| Transfers between funds | 18 | 1,205,466 | - | (1,205,466) | - | - |
| Net movement in funds | | 1,365,129 | - | - | 1,365,129 | 189,604 |
| RECONCILIATION OF FUNDS | | | | | | |
| Total funds brought forward | | 1,907,522 | 75,000 | - | 1,982,522 | 1,792,918 |
| TOTAL FUNDS CARRIED FORWARD | | 3,272,651 | 75,000 | - | 3,347,651 | 1,982,522 |

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Herefordshire Group Training Association
Limited (by guarantee) (Registered number: 1475237)

Balance Sheet
At 31 August 2017

| | | Unrestricted fund £ | Designated fund £ | Restricted fund £ | 31.8.17 Total funds £ | 31.8.16 Total funds £ |
|--|-------|---------------------------|-------------------------|-------------------------|-----------------------------|-----------------------------|
| | Notes | | | | | |
| FIXED ASSETS | | | | | | |
| Tangible assets | 11 | 4,116,844 | - | - | 4,116,844 | 1,231,534 |
| Investment property | 12 | 845,000 | - | - | 845,000 | 845,000 |
| | | <u>4,961,844</u> | <u>-</u> | <u>-</u> | <u>4,961,844</u> | <u>2,076,534</u> |
| CURRENT ASSETS | | | | | | |
| Debtors | 13 | 278,778 | - | - | 278,778 | 291,429 |
| Cash at bank | | <u>519,768</u> | <u>75,000</u> | <u>-</u> | <u>594,768</u> | <u>761,214</u> |
| | | 798,546 | 75,000 | - | 873,546 | 1,052,643 |
| CREDITORS | | | | | | |
| Amounts falling due within one year | 14 | (319,797) | - | - | (319,797) | (419,692) |
| | | <u>478,749</u> | <u>75,000</u> | <u>-</u> | <u>553,749</u> | <u>632,951</u> |
| NET CURRENT ASSETS | | | | | | |
| | | <u>478,749</u> | <u>75,000</u> | <u>-</u> | <u>553,749</u> | <u>632,951</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | | |
| | | 5,440,593 | 75,000 | - | 5,515,593 | 2,709,485 |
| CREDITORS | | | | | | |
| Amounts falling due after more than one year | 15 | (2,167,942) | - | - | (2,167,942) | (726,963) |
| | | <u>3,272,651</u> | <u>75,000</u> | <u>-</u> | <u>3,347,651</u> | <u>1,982,522</u> |
| NET ASSETS | | | | | | |
| | | <u>3,272,651</u> | <u>75,000</u> | <u>-</u> | <u>3,347,651</u> | <u>1,982,522</u> |
| FUNDS | | | | | | |
| Unrestricted funds: | 18 | | | | | |
| General fund | | | | | 3,272,651 | 1,907,522 |
| Designated fund | | | | | <u>75,000</u> | <u>75,000</u> |
| | | | | | 3,347,651 | 1,982,522 |
| Restricted funds | | | | | <u>-</u> | <u>-</u> |
| TOTAL FUNDS | | | | | <u>3,347,651</u> | <u>1,982,522</u> |

The notes form part of these financial statements

Herefordshire Group Training Association
Limited (by guarantee) (Registered number: 1475237)

Balance Sheet - continued
At 31 August 2017

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.

The financial statements were approved by the Board of Trustees on 30/5/18 and were signed on its behalf by:


.....
D Goldsmith - Trustee

The notes form part of these financial statements

**Herefordshire Group Training Association
Limited (by guarantee)**

**Cash Flow Statement
for the Year Ended 31 August 2017**

| | Notes | 31.8.17 £ | 31.8.16 £ |
|---|-------|-----------------------|-----------------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 1 | 1,650,091 | 23,863 |
| Interest paid | | (22,671) | (11,165) |
| Rental income | | <u>(87,907)</u> | <u>(45,284)</u> |
| Net cash provided by (used in) operating activities | | <u>1,539,513</u> | <u>(32,586)</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (2,972,799) | (286,334) |
| Interest received | | 979 | 1,813 |
| Rental income | | 87,907 | 45,284 |
| Other investment income | | <u>-</u> | <u>110,046</u> |
| Net cash provided by (used in) investing activities | | <u>(2,883,913)</u> | <u>(129,191)</u> |
| Cash flows from financing activities: | | | |
| New loans in year | | 1,177,954 | 637,541 |
| Loan repayments in year | | <u>-</u> | <u>(118,340)</u> |
| Net cash provided by (used in) financing activities | | <u>1,177,954</u> | <u>519,201</u> |
| Change in cash and cash equivalents in the reporting period | | <u>(166,446)</u> | <u>357,424</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>761,214</u> | <u>403,790</u> |
| Cash and cash equivalents at the end of the reporting period | | <u><u>594,768</u></u> | <u><u>761,214</u></u> |

The notes form part of these financial statements

Herefordshire Group Training Association
Limited (by guarantee)

Notes to the Cash Flow Statement
for the Year Ended 31 August 2017

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

| | | |
|--|------------------|---------------|
| | 31.8.17 | 31.8.16 |
| | £ | £ |
| Net income for the reporting period (as per the statement of financial activities) | 1,365,129 | 189,604 |
| Adjustments for: | | |
| Depreciation charges | 87,489 | 1,300 |
| Interest received | (979) | (111,859) |
| Interest paid | 22,671 | 11,165 |
| Decrease/(increase) in debtors | 12,651 | (18,349) |
| Increase/(decrease) in creditors | 163,130 | (47,998) |
| Net cash provided by (used in) operating activities | <u>1,650,091</u> | <u>23,863</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 2015)', 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.

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.

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.

1. ACCOUNTING POLICIES - continued

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 |
|----------------|----------|

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 |
| IT & Infrastructure | 100% Straight Line in 1 year |

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 |
|-------------|----------|

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.

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.

**Herefordshire Group Training Association
Limited (by guarantee)**

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

2. GRANTS

| | 31.8.17 £ | 31.8.16 £ |
|--------|------------------|--------------|
| Grants | <u>1,291,655</u> | <u>-</u> |

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

| | 31.8.17 £ | 31.8.16 £ |
|--------------|------------------|--------------|
| Other grants | <u>1,291,655</u> | <u>-</u> |

3. INVESTMENT INCOME

| | 31.8.17 £ | 31.8.16 £ |
|---------------------------|---------------|----------------|
| Rents received | 87,907 | 45,284 |
| Investment income | 979 | 1,813 |
| One-off investment income | - | 110,046 |
| | <u>88,886</u> | <u>157,143</u> |

4. INCOME FROM CHARITABLE ACTIVITIES

| | Activity | 31.8.17 £ | 31.8.16 £ |
|-------------------------|-----------------------|------------------|------------------|
| Government funds | Provision of training | 1,383,622 | 1,341,982 |
| Employers contributions | Provision of training | 1,137,957 | 1,032,414 |
| Room hire | Provision of training | 4,334 | 9,628 |
| | | <u>2,525,913</u> | <u>2,384,024</u> |

5. INVESTMENT MANAGEMENT COSTS

| | 31.8.17 £ | 31.8.16 £ |
|--------------------------------------|---------------|---------------|
| Investment premises costs | 12,500 | 29,296 |
| Interest payable and similar charges | 5,664 | 6,426 |
| | <u>18,164</u> | <u>35,722</u> |

6. CHARITABLE ACTIVITIES COSTS

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

7. NET INCOME/(EXPENDITURE)

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

| | 31.8.17 | 31.8.16 |
|----------------------------------|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 87,489 | 1,300 |
| Auditors' fees - statutory audit | 5,245 | 4,995 |
| Rent of Land and buildings | <u>59,150</u> | <u>59,150</u> |

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2017 nor for the year ended 31 August 2016.

Trustees' expenses

Expenses paid in carrying out Trustees' duties amounted to £Nil (2016: £Nil)

9. STAFF COSTS

| | 31.8.17 | 31.8.16 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,078,551 | 958,706 |
| Social security costs | 105,601 | 94,013 |
| Other pension costs | <u>61,075</u> | <u>58,925</u> |
| | <u>1,245,227</u> | <u>1,111,644</u> |

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

| | 31.8.17 | 31.8.16 |
|----------------------------|-----------|-----------|
| Training | 35 | 32 |
| Administration | 5 | 5 |
| Unpaid executive committee | <u>6</u> | <u>6</u> |
| | <u>46</u> | <u>43</u> |

No employee had employee benefits in excess of £60,000 (2016: nil).

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 £255k (2016: £244k)

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - 31 AUGUST 2016

| | Unrestricted fund £ | Designated fund £ | Restricted fund £ | Total funds £ |
|------------------------------------|---------------------------|-------------------------|-------------------------|------------------|
| INCOME AND ENDOWMENTS FROM | | | | |
| Charitable activities | | | | |
| Provision of training | 2,384,024 | - | - | 2,384,024 |
| Investment income | 82,143 | 75,000 | - | 157,143 |
| Total | 2,466,167 | 75,000 | - | 2,541,167 |
| EXPENDITURE ON | | | | |
| Raising funds | 35,722 | - | - | 35,722 |
| Charitable activities | | | | |
| Provision of training | 2,315,841 | - | - | 2,315,841 |
| Total | 2,351,563 | - | - | 2,351,563 |
| NET INCOME | 114,604 | 75,000 | - | 189,604 |
| RECONCILIATION OF FUNDS | | | | |
| Total funds brought forward | 1,792,918 | - | - | 1,792,918 |
| TOTAL FUNDS CARRIED FORWARD | 1,907,522 | 75,000 | - | 1,982,522 |

The designated fund is held for future dilapidation costs.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

11. TANGIBLE FIXED ASSETS

| | Freehold property £ | Improvements to property £ | Plant and machinery £ |
|-----------------------|-------------------------------|----------------------------------|-----------------------------|
| COST/VALUATION | | | |
| At 1 September 2016 | 1,226,334 | - | 217,500 |
| Additions | <u>2,436,385</u> | <u>313,742</u> | <u>174,507</u> |
| At 31 August 2017 | <u>3,662,719</u> | <u>313,742</u> | <u>392,007</u> |
| DEPRECIATION | | | |
| At 1 September 2016 | - | - | 212,300 |
| Charge for year | <u>-</u> | <u>31,374</u> | <u>18,750</u> |
| At 31 August 2017 | <u>-</u> | <u>31,374</u> | <u>231,050</u> |
| NET BOOK VALUE | | | |
| At 31 August 2017 | <u>3,662,719</u> | <u>282,368</u> | <u>160,957</u> |
| At 31 August 2016 | <u>1,226,334</u> | <u>-</u> | <u>5,200</u> |
| | Fixtures and fittings £ | IT & Infrastructure £ | Totals £ |
| COST/VALUATION | | | |
| At 1 September 2016 | - | - | 1,443,834 |
| Additions | <u>14,399</u> | <u>33,766</u> | <u>2,972,799</u> |
| At 31 August 2017 | <u>14,399</u> | <u>33,766</u> | <u>4,416,633</u> |
| DEPRECIATION | | | |
| At 1 September 2016 | - | - | 212,300 |
| Charge for year | <u>3,599</u> | <u>33,766</u> | <u>87,489</u> |
| At 31 August 2017 | <u>3,599</u> | <u>33,766</u> | <u>299,789</u> |
| NET BOOK VALUE | | | |
| At 31 August 2017 | <u>10,800</u> | <u>-</u> | <u>4,116,844</u> |
| At 31 August 2016 | <u>-</u> | <u>-</u> | <u>1,231,534</u> |

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 and use as deemed cost in future periods. The new property in Worcester is included at cost.

12. INVESTMENT PROPERTY

| | |
|--|----------------|
| | £ |
| MARKET VALUE | |
| At 1 September 2016 and 31 August 2017 | <u>845,000</u> |
| NET BOOK VALUE | |
| At 31 August 2017 | <u>845,000</u> |
| At 31 August 2016 | <u>845,000</u> |

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|--------------------------------|----------------|----------------|
| | 31.8.17 | 31.8.16 |
| | £ | £ |
| Trade and other debtors | 169,631 | 159,597 |
| Prepayments and accrued income | <u>109,147</u> | <u>131,832</u> |
| | <u>278,778</u> | <u>291,429</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|---|----------------|----------------|
| | 31.8.17 | 31.8.16 |
| | £ | £ |
| Bank loans and overdrafts (see note 16) | 9,195 | 272,220 |
| Trade and other creditors | 153,836 | 78,904 |
| Social security and other taxes | 26,545 | 24,401 |
| Accruals and deferred income | <u>130,221</u> | <u>44,167</u> |
| | <u>319,797</u> | <u>419,692</u> |

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

| | | |
|--------------------------|------------------|----------------|
| | 31.8.17 | 31.8.16 |
| | £ | £ |
| Bank loans (see note 16) | <u>2,167,942</u> | <u>726,963</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

16. LOANS

An analysis of the maturity of loans is given below:

| | 31.8.17 £ | 31.8.16 £ |
|---|------------------|----------------|
| Amounts falling due within one year on demand: Bank loans | <u>9,195</u> | <u>272,220</u> |
| Amounts falling between one and two years: Bank loans - 1-2 years | <u>133,736</u> | <u>272,220</u> |
| Amounts falling due between two and five years: Bank loans - 2-5 years | <u>2,034,206</u> | <u>454,743</u> |

17. SECURED DEBTS

The following secured debts are included within creditors:

| | 31.8.17 £ | 31.8.16 £ |
|------------|------------------|----------------|
| Bank loans | <u>2,177,137</u> | <u>999,183</u> |

The secured bank loans are secured at 31 August 2017 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 1.9.16 £ | Net movement in funds £ | Transfers between funds £ | At 31.8.17 £ |
|---------------------------|------------------|-------------------------------|---------------------------------|------------------|
| Unrestricted funds | | | | |
| General fund | 1,907,522 | 159,663 | 1,205,466 | 3,272,651 |
| Designated fund | <u>75,000</u> | <u>-</u> | <u>-</u> | <u>75,000</u> |
| | 1,982,522 | 159,663 | 1,205,466 | 3,347,651 |
| Restricted funds | | | | |
| Restricted fund | - | 1,205,466 | (1,205,466) | - |
| TOTAL FUNDS | <u>1,982,522</u> | <u>1,365,129</u> | <u>-</u> | <u>3,347,651</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 August 2017

18. MOVEMENT IN FUNDS - continued

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

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 2,614,799 | (2,455,136) | 159,663 |
| Restricted funds | | | |
| Restricted fund | 1,291,655 | (86,189) | 1,205,466 |
| TOTAL FUNDS | <u>3,906,454</u> | <u>(2,541,325)</u> | <u>1,365,129</u> |

Transfers between funds

The terms of the grants received during the year were satisfied during the year with the balance transferred to unrestricted funds.

19. PENSION COMMITMENTS

During the year the charitable company incurred pension costs of £61,075 (2016: £58,925). There were no amounts outstanding at the year end (2016: Nil)

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. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

22. POST BALANCE SHEET EVENTS

The company has negotiated a settlement of £120,000 over dilapidations on the former Worcester premises which was vacated in September 2017 .

23. ULTIMATE CONTROLLING PARTY

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

Herefordshire Group Training Association
Limited (by guarantee)

Detailed Statement of Financial Activities
for the Year Ended 31 August 2017

| | Unrestricted funds £ | Restricted funds £ | 31.8.17 Total funds £ | 31.8.16 Total funds £ |
|---|----------------------------|--------------------------|--------------------------------|--------------------------------|
| INCOME AND ENDOWMENTS | | | | |
| Grants | | | | |
| Grants | - | 1,291,655 | 1,291,655 | - |
| Investment income | | | | |
| Rents received | 87,907 | - | 87,907 | 45,284 |
| Investment income | 979 | - | 979 | 1,813 |
| One-off investment income | - | - | - | 110,046 |
| | <u>88,886</u> | <u>-</u> | <u>88,886</u> | <u>157,143</u> |
| Charitable activities | | | | |
| Government funds | 1,383,622 | - | 1,383,622 | 1,341,982 |
| Employers contributions | 1,137,957 | - | 1,137,957 | 1,032,414 |
| Room hire | 4,334 | - | 4,334 | 9,628 |
| | <u>2,525,913</u> | <u>-</u> | <u>2,525,913</u> | <u>2,384,024</u> |
| Total incoming resources | 2,614,799 | 1,291,655 | 3,906,454 | 2,541,167 |
| EXPENDITURE | | | | |
| Investment management costs | | | | |
| Investment premises costs | 12,500 | - | 12,500 | 29,296 |
| Bank loan interest | 5,664 | - | 5,664 | 6,426 |
| | <u>18,164</u> | <u>-</u> | <u>18,164</u> | <u>35,722</u> |
| Charitable activities | | | | |
| Staff salaries | 1,078,551 | - | 1,078,551 | 958,706 |
| Social security | 105,601 | - | 105,601 | 94,013 |
| Pensions | 61,075 | - | 61,075 | 58,925 |
| Training and courses | 705,339 | - | 705,339 | 700,280 |
| Development and acquisition expenditure | 7,290 | - | 7,290 | 40,297 |
| Premises costs | 202,440 | - | 202,440 | 171,380 |
| Office Costs | 253,327 | - | 253,327 | 231,560 |
| Bad Debts written off | 5,042 | - | 5,042 | 54,641 |
| Depreciation plant & machinery | 1,300 | 86,189 | 87,489 | 1,300 |
| Bank loan interest | 17,007 | - | 17,007 | 4,739 |
| | <u>2,436,972</u> | <u>86,189</u> | <u>2,523,161</u> | <u>2,315,841</u> |
| Total resources expended | 2,455,136 | 86,189 | 2,541,325 | 2,351,563 |
| Net income | <u>159,663</u> | <u>1,205,466</u> | <u>1,365,129</u> | <u>189,604</u> |

This page does not form part of the statutory financial statements