



HOSPITALITY TRAINING FOUNDATION

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2002



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ANNUAL REPORT AND ACCOUNTS

31 MARCH 2002

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FINANCIAL STATEMENTS 2002

LEGAL AND ADMINISTRATIVE DETAILS

MEMBERS

The following are the Nominating Bodies and subscribers to the Memorandum of Association:

British Beer & Pub Association (BBPA)
 British Hospitality Association (BHA)
 Restaurant Association (RA)
 Association of British Travel Agents (ABTA) (with effect from 23 December 2002)

BOARD OF TRUSTEES

The following have served as trustees during the year and up to the date these accounts were signed:

Name	Representing	
John Brackenbury CBE (Chairman)	BBPA	(resigned 31 August 2001)
Michael da Costa	RA	
Peter Catesby	BHA	
Nicola Hayward OBE	BHA	(resigned 23 January 2002)
Grant Hearn	BHA	(appointed 16 May 2001)
Stephen Moss CBE	RA	
Jonathan Orr Ewing	BHA	(appointed 24 April 2002)
Christopher Ripper	BBPA	

APPOINTMENT OF TRUSTEES

The four trade associations listed above, as members, may appoint two members to the Board of Trustees, with the exception of BHA, who may appoint three members to the Board.

INVESTMENTS

The Foundation's investments are held in charities funds managed by Deutsche Asset Management, One Appold Street, London, EC2A 2UT, and, Dresdner RCM Global Investors (UK) Ltd., PO Box 191, 10 Fenchurch Street, London, EC3M 3LB.

REGISTERED OFFICE

International House
 High Street
 Ealing
 London W5 5DB

AUDITORS

haysmacintyre
 Southampton House
 317 High Holborn
 London WC1V 7NL

BANKERS

Barclays Bank Plc
 Park Royal Business
 Centre
 36-38 Park Royal Road
 London NW10 7JA

SOLICITORS

Howard Kennedy
 19 Cavendish Square
 London W1A 2AW

FINANCIAL STATEMENTS 2002 LEGAL AND ADMINISTRATIVE DETAILS

EXECUTIVE TEAM

John Brackenbury CBE	Executive Chairman
Richard Finan	Award Making and Training director
Danuta Muir	Human Resources director
David Stanton	Finance and Technical director
Declan Swan	Director of the former National Training Organisation and prospective Chief Executive of the aspirant Hospitality, Leisure, Travel and Tourism Sector Skills Council.

CONSTITUTION

Hospitality Training Foundation (HtF) is a registered charity and a company limited by guarantee registered in England. It is governed by its memorandum and articles of association.

CHARITY REGISTRATION NUMBER 1001041

COMPANY REGISTRATION NUMBER 02557730

TRUSTEES' REPORT

The trustees present their annual report and the audited financial statements for the year ended 31 March 2002. The financial statements comply with all statutory requirements and the requirements of the charity's governing document.

OBJECTS AND PRINCIPAL ACTIVITIES

The objects of the charity, as stated in its memorandum of association, are the promotion and advancement for the public benefit of the education and training of persons employed or intending to be employed in the hospitality and related industries, as well as the promotion of useful research into any matters relating to training for employment in this industry and to publish and disseminate any useful results from such research. In furtherance of these objects, HtF also develops and sets standards for training, validates, lists and monitors the standards, issues certificates and carries out 'open' and 'in-company' training courses.

ORGANISATIONAL STRUCTURE

The trustees determine the general policy of the charity. The day-to-day management of the charity is delegated to the executive team under the chairmanship of John Brackenbury.

The work of the HtF is carried out through two divisions. For the year under review these were the National Training Organisation and the Award Making & Training Division. (Operating as the Hospitality Awarding Body and Stonebow).

REVIEW OF THE YEAR

NATIONAL TRAINING ORGANISATION (NTO)

HtF promotes the education and training interests of the 1.9 million people who work in the UK hospitality industry, covering all industry sectors and occupations across England, Scotland, Wales and Northern Ireland. We are entirely employer-led and have established a strong consultation structure, led by a senior council of employers. In addition, to ensure regional input, we have panels of employers in Scotland, England, Wales and Northern Ireland to provide effective two-way communication across all countries of the UK.

Our mission is to improve the quality of the hospitality industry by developing better people with better skills through the right training, education and qualifications.

HtF started its financial year with the status of National Training Organisation (NTO) for the hospitality industry, accreditation first awarded by government in 1997. However, during the year government reviewed the national framework of NTOs and by the end of March 2002 decided to discontinue its use in favour of creating a smaller, more powerful network of bodies, Sector Skills Councils, that will be responsible for large economic sectors or groupings of smaller, linked industries.

During its final year as a NTO, HtF secured government support to back its on-going programme of work to help the hospitality industry, including the following projects.

DFES FUNDED PROJECTS

Labour Market Review

The industry's flagship labour market intelligence document, Labour Market Review 2001, was updated. LMR provides employers, government and other key agencies with up-to-date industry data.

Training and Development Review

A comprehensive analysis of the levels and types of training was undertaken across the hospitality industry. The study also looked at barriers to

TRUSTEES' REPORT

training and the findings provided a basis for future work with employers and key agencies to address these barriers.

Launch and implementation of the Hospitality Workforce Development Plan

The production of a Workforce Development Plan, skills strategy and implementation plan for the hospitality industry, provided a basis on which to develop employers' future strategy for the hospitality, travel, tourism services and events sector. A Memorandum of Collaboration was also established to facilitate discussion with new and existing partners to take forward the Plan.

Modern Apprentices

The Hospitality Modern Apprenticeship frameworks in both England and Scotland were reviewed and updated. Some 20 events were held in Scotland to promote the new framework to employers. The frameworks are now more flexible and streamlined and the English framework includes technical certificates that recognise essential industry knowledge.

HtF continues to offer an efficient certification service together with a registration service in Scotland.

The Hospitality Modern Apprentice of the Year competition was run for a fourth time. It attracted record levels of entries and an impressive array of finalists and winners.

IMPACT

The IMPACT alliance of tourism related NTOs, active in England, Wales and Scotland, continued to promote the skills message through a series of events to which key partners were invited. In addition, it successfully bid for funding to undertake two important projects:

- National Skills Sector Dialogue project: A DfES funded initiative that resulted in a report setting out skills and labour market needs across the IMPACT industries, as well as a national database of tourism LMI sources.
- Workforce Development Plan for the London tourism and culture industries. Funded by the London Development Agency (LDA), the Plan forms the basis of

future strategic dialogue to assess how to implement the LDA's skills strategy within the tourism sector in the capital.

NON-DfES FUNDED PROJECTS

Food Education in schools

Together with the RSA and the Academy of Culinary Arts, and championed by Prue Leith OBE and other industry leaders, HtF identified the provision and scope of food education within the National Curriculum. HtF is now working with an employer group to devise a campaign to introduce food studies as an integral part of the National Curriculum. Its strategic work will continue in line with the government's review of 14-19 learning provision to include more vocational content.

Work placements

The Savoy Educational Trust has sponsored HtF and Springboard UK to work collaboratively to produce comprehensive guidance for work placements in order to maximise the benefits for both student and employer.

Basic Skills

HtF was commissioned by the Adult Basic Skills Strategy to research employer awareness of the levels of basic skill needs within the workforce. This work was part of the government's *Skills for Life* campaign to improve basic skills in the workplace.

Regional partnerships

HtF enjoyed continued involvement in the North West Development Agency funded North West Skills and Employment Network project, being undertaken by the North West Tourist Board. This included a presence at regional forums and employer briefings and input into the North West Workforce Development Plan.

There was also close liaison with the South West Tourism Skills Network (funded by the SWERDA) to input into the planning and development of employer networks in each sub-region in the West Country.

In Scotland, HtF continued to work with a variety of organisations on several areas related to tourism skills:

TRUSTEES' REPORT

- The Scottish Qualifications Authority, to determine the level of vocational Scottish qualifications within the Scottish Credit Qualifications Framework.
- The Scottish Tourism Forum, to support and participate in a number of strategic projects with Tourism People.
- The Scottish Executive, Scottish Enterprise and Highlands and Island Enterprise, to highlight the industry skills needs.

In Wales, HtF was instrumental in the development of the Modern Skills Diploma for Adults. The NTO also worked closely with Tourism Training Forum for Wales to promote the work of the Forum and take forward the skills agenda. A Skills Foresight project, funded by the Welsh Assembly was also undertaken to identify the skills needs of the industry in Wales.

In Northern Ireland, HtF continued to support the Tourism Training Trust. It was also instrumental in working with the Association of Northern Ireland Colleges (ANIC) in developing the first hospitality-specific e-learning materials based course centred on the Scottish Modern Apprenticeship.

National Occupational Standards and Qualifications

Progression route maps were developed to show career pathways into and within the industry. These will be essential to promote qualifications to employers and individuals. HtF continued to facilitate the employer-led Standards and Qualifications Tactical Action Group, to recommend the inclusion of qualifications on to the National Framework.

Press coverage

Consistent communications work continued to retain awareness of HtF, through the Network Newsflash, several Viewpoints in the *Caterer and Hotelkeeper* on skills related issues, as well as numerous other articles in the trade press.

Employer 1000 Panel

A 'virtual' panel for employers was established to contribute to key policy issues relating to skills and learning. The Panel will continue to be used in areas of HtF's research.

THE YEAR AHEAD

Aims and Objectives for 2002/2003

The forthcoming year will be a challenging year as HtF works to support employers from the Hospitality, Leisure, Travel and Tourism sector in their bid to become a Sector Skills Council (SSC). Its aim is to facilitate the achievement of SSC status during the first half of the financial year ending 31 March 2004. It will work in partnership with Ttento, the former NTO for Travel, Tourism services and Events.

The SSDA has given unanimous approval to the employers' Expression of Interest to form a SSC and the Development Phase is proceeding. This phase will be overseen and steered by a series of high level, employer-led groups, with representation from each industry within the SSC "footprint" participating.

Programme of work 2002/2003

HtF's work with employers to provide essential labour market intelligence, develop learning frameworks and continue as the industry's voice on learning and skills issues will continue. HtF is engaged in a number of projects:

- Review and update Labour Market Information for the Hospitality, Travel, Tourism services and Events industries (LMI).
- Evaluate Jobcentre Plus' Hospitality Gateway programme for unemployed people under the new deal.
- Ensure that national qualifications meet the needs of employers through the work of SQTAG, liaising closely with the Qualifications and Curriculum Authority (QCA) and awarding bodies.
- Begin a major review of National Occupational Standards in hospitality to ensure they continue meet the needs of industry.
- Continue to support providers and Apprentices by providing a certification service, advice and guidance on a range of implementation issues.

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- Carry out a comprehensive research study into the skills needs of the restaurant industry and to explore the 'fit' with national qualifications.
- Support Scottish employers in strategic planning through the use of LMI.
- Undertake an evaluation of hospitality work-based learning provision in Scotland.
- Forge ahead with the Food in Education initiative.

THE AWARD MAKING AND TRAINING DIVISION

Introduction

The division consists of two well-recognised and highly regarded brands, namely the Hospitality Awarding Body (HAB) and Stonebow, the training and development provider.

The prime objective for the division is to deliver quality qualifications and training to the hospitality industry. Resultant surpluses contribute to the funding of the operations and projects of the division of HtF that was formerly the National Training Organisation.

HOSPITALITY AWARDING BODY (HAB)

Review of last year

HAB provides a successful and acknowledged awarding body service for National Vocational Qualifications (NVQs) and Scottish Vocational Qualifications (SVQs).

The Awarding Body increased its income, year on year, by 4%, its total income continuing to be in excess of £1,500,000. HAB is amongst the largest industry-specific awarding bodies in the UK and offers a full range of NVQs including:

- Cleaning
- Key and Core skills
- Customer service
- Training and development – 'D' units (now 'A' & 'V' units)
- On Licensed premises qualifications for managers and supervisors.

During the year under review, HAB has forged closer links with Colleges of Further Education through its series of networking lunches, involving college principals and heads of catering. There continued to be a policy of investment in Information Technology, and enhancements such as the development and launch of HabZone has enabled NVQ providers to register candidates and request certificates 'on-line'.

The Year Ahead

In addition to its work with NVQs and SVQ's, HAB will continue to build closer links with employers and training providers through the creation of regular forums, the primary aim being the development of new qualifications which industry requires, and for which there is no current suitable provision.

Investment in Information Technology will further improve processes including external verification and unit record logistics.

STONEBOW

Review of last year

Stonebow is an education and training body and has a long history of developing and delivering recognised quality training and development programmes to the hospitality, tourism and leisure sector. In direct furtherance of HtF's objects, it is an important source of income to the charity.

Stonebow's key strengths are in management development, trainer training and skills development areas. Stonebow trainer training courses such as 'Craft Trainer Award' (CTA) are widely recognised as the industry standard. Courses are delivered through open programmes or direct to organisations through specially tailored events, usually on the employer's premises.

- Food preparation and cooking
- Food service
- Bar and cellar
- Front office
- Craft Baking

TRUSTEES' REPORT

As a result of difficult trading conditions, hampered by the Foot and Mouth outbreak and the terrorist events of the 11 September, income fell by 25% against the previous year. The trustees took steps to address the fall in sales and the cost of the administrative base, rationalising the organisational structure and refocusing the business.

The Year Ahead

Building on the success of our key products, plans are advanced for the overhaul and updating of the trainer-training suite of courses. New 'Group Training Certificate' and 'Practical Trainer Certificate' courses will ensure that Stonebow's high standards will continue in the years ahead. We are also planning to improve the services to our Licensed Tutors with better communication and the development of new courses to add to their portfolios. Open courses are now offered at the company's newly refurbished in-house training facilities in Ealing.

HUMAN RESOURCES

In furtherance of its commitment to improve terms and conditions for employees, HtF introduced a new salary structure based on the Broad Banding principle. Each employee received a copy of the structure and an explanation of the salary range that related to their role, ensuring an explicit and transparent process.

The Staff Focus Group continued to meet throughout the year to deal with employee issues relating to internal communication, health and safety, training and development, and HR policies and procedures. The Group continued to make a positive impact on employee welfare.

As part of HtF's new health and safety initiatives, the safe driving programme for company car drivers continued for employees based in the field.

QUALITY COMPLIANCE

ISO-9002

HtF continues to demonstrate its commitment to quality in all areas of its operations and has successfully completed two further half-yearly audits, maintaining the award.

Investors in People

An Investors in People reassessment was successfully completed with no non-conformances.

Goodcorporation

HtF achieved the Goodcorporation Charter with commendations for its recruitment and selection process, fair and thorough disciplinary process, practical format of management accounts and consideration for the community in relation to potentially sensitive products and services.

This award recognises organisations of all kinds (including not-for-profit), which demonstrate a commitment to corporate social responsibility in relation to their employees, customers and suppliers, as well as the community and environment in which they operate.

SUMMARY OF RESULTS FOR THE YEAR AND OUTLOOK FOR 2002/2003

The statement of financial activities shows a net outgoing movement in resources for the financial year of £1,069,000 compared to an equivalent figure last year of £674,000. Total income reduced by 1% against the previous year, with the reduction in Stonebow income of £187,000 being matched by an increase in income within the NTO and Awarding Body. Realised and unrealised losses in the year amounted to £145,000 (2001 - £507,000) reflecting the fall in the FTSE All Share index of 6%.

The FTSE All Share index has fallen in excess of 20% during the current year ending 31 March 2003 and investment losses at a level higher than those incurred during 2001/2002 are expected.

The total return from equities has generally outperformed fixed interest investments over the

TRUSTEES' REPORT

long term. The trustees' stance had been to remain invested in equities, despite occasions when the markets moved in favour of fixed interest stocks, however, as a result of continued falls and uncertainty in the equity market, the trustees resolved in December 2002 to dispose of all investments and to invest the proceeds in a bank deposit account, thereby eliminating further financial risk to investment values. When equity market stability returns the trustees will reconsider their investment strategy.

Following a process of due diligence, the trustees are pleased to report that, in December 2002, the company acquired the business of Ttento, the former Travel, Tourism and Events National Training Organisation.

TRUSTEES

Nicola Hayward OBE, resigned from the Board of Trustees on 23 January 2002 and her contribution to the work of HtF is appreciated. In her place, as an appointee of the British Hospitality Association, we are pleased to welcome Archibald Jonathan Orr Ewing (appointed 24 April 2002).

John Brackenbury, Executive Chairman, resigned as a trustee on 31 August 2001. His resignation avoided a conflict of interest between his roles of trustee and Executive Chairman. The trustees are delighted that Mr Brackenbury continues in his role as Executive Chairman. By virtue of being a former trustee, an Order was obtained from The Charity Commissioners for England and Wales, authorising the payment of remuneration to Mr Brackenbury in his capacity as Executive Chairman.

RISK MANAGEMENT

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 company as at the end of the financial year and of the incoming resources and application of resources for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RELATED PARTIES

Stephen Moss and John Brackenbury are directors of Springboard Charitable Trust and Stephen Moss is a director of Springboard UK Limited. Certain contracts have been awarded to HtF by Springboard Charitable Trust and Springboard UK Limited in respect of accounting services until June 2002 when the contract ended.

John Brackenbury was a non-executive director of the Hotel and Catering Training Company Limited (HCTC), which receives awarding body services from HAB. John Brackenbury is also a member of the Advisory Board of Goodcorporation, and as stated on page 7 HtF has achieved the Goodcorporation Charter.

TRUSTEES' REPORT

Grant Hearn and Christopher Ripper are directors of Hilton UK Hotels Ltd. and Scottish & Newcastle Retail Ltd., respectively, companies that training services are supplied to by Stonebow.

EQUAL OPPORTUNITIES

HtF is an equal opportunities employer and will ensure that no job applicant or employee receives less favourable treatment on grounds of sex, marital status, disability, age, race, religion, colour, ethnic or national origin, or convictions which have been spent under the Rehabilitation of Offenders Act. Selection criteria and procedures are regularly reviewed to ensure that individuals are selected, inducted, promoted, developed, communicated with and treated on their relevant merits and abilities.

HEALTH AND SAFETY AT WORK

It is the policy of the company that its operations are executed at all times in such a way as to ensure, as far as is reasonable, safe and healthy working conditions, equipment and systems of work for all employees and visitors to HtF's premises.

INVESTMENT POWERS AND POLICY

The trustees are empowered to invest any monies authorised by law for the investment of trust monies as they see fit. The trustees have adopted a prudent approach and all investments are held in Charities Funds that have performed in line with the benchmark indices.

RESERVES POLICY

As at 31 March 2002, the total funds of the charity were £1,644,000 of which £232,000 related to tangible fixed assets. Currently, therefore, the charity has free reserves of £1,412,000. The trustees currently wish to invest

in the work and influence of the NTO (and its successor accredited body) and to secure the long-term future of the company.

This policy is likely to reduce the current level of reserves in the short term, and given the level of investment losses anticipated for the year ending 31 March 2003, it is not the intention to reduce the reserves significantly below £500,000. In the long term reserves should be improved and maintained to provide investment income and gains that can be applied to further the aims of the company. The reserves policy of the charity will be reviewed on an annual basis by the trustees.

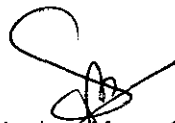
AUDITORS

A resolution proposing the re-appointment of Haysmacintyre as auditors to the company will be put to the annual general meeting.

EMPLOYEES

The trustees are grateful for the continuing support of the management and employees of HtF and for their enthusiasm and commitment to the improvement of learning and training in the hospitality industry. This has been promoted through their professionalism and leadership and with the help and support of like-minded people in business, learning providers and government departments.

Approved by the Board of Trustees on 15 January 2003, and signed on their behalf.



Stephen Moss, CBE
Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HOSPITALITY TRAINING FOUNDATION

We have audited the financial statements of the Hospitality Training Foundation for the year ended 31 March 2002, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The trustees are also directors of Hospitality Training Foundation for the purposes of Company Law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF THE HOSPITALITY TRAINING FOUNDATION**
continued

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty surrounding the application for Sector Skills Council status and the funding which is forecast to relate to this. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure, in the year ended 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.

haysmacintyre

haysmacintyre
Chartered Accountants
Registered Auditors
Southampton House
317 High Holborn
London
WC1V 7NL

15 January 2003

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2002

	Note	Total Funds 2002 £'000	Total Funds 2001 £'000
INCOME AND EXPENDITURE			
INCOMING RESOURCES			
Donations		10	26
Incoming resources from operating activities	2	3,075	3,079
Incoming resources from activities for generating funds	2	274	283
Investment income	3	66	82
TOTAL INCOME RESOURCES		3,425	3,470
RESOURCES EXPENDED			
Costs of generating funds	4	(87)	(93)
Charitable expenditure			
Costs of activities in furtherance of the charity's objects	4	(3,175)	(3,204)
Support costs	4	(1,188)	(829)
Management and Administration	4	(44)	(18)
TOTAL RESOURCES EXPENDED		(4,494)	(4,144)
NET OUTGOING RESOURCES IN YEAR	5	(1,069)	(674)
OTHER RECOGNISED GAINS AND LOSSES			
Losses on investments held for charitable use:			
Realised losses		(68)	(83)
Net movement in funds before unrealised losses		(1,137)	(757)
Unrealised losses	7	(77)	(424)
NET MOVEMENT IN FUNDS		(1,214)	(1,181)
TOTAL FUNDS brought forward at 1 April		2,859	4,040
TOTAL FUNDS carried forward at 31 March		1,645	2,859

All incoming resources give rise to unrestricted funds.

All activities relate to continuing activities.

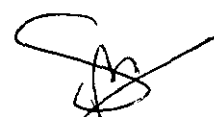
There is no difference between the Net (Outgoing)/Incoming Resources on ordinary activities for the year stated above and its historical cost is equivalent.

BALANCE SHEET

Year ended 31 March 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	6	232	233
Investments	7	1,706	2,717
		<u>1,938</u>	<u>2,950</u>
CURRENT ASSETS			
Stocks		48	55
Debtors	8	577	620
Investments	9	-	412
Cash at bank and in hand		329	111
		<u>954</u>	<u>1,198</u>
CREDITORS: amounts falling due within one year	10	<u>(1,026)</u>	<u>(975)</u>
NET CURRENT ASSETS		<u>(72)</u>	<u>223</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,866</u>	<u>3,173</u>
CREDITORS: amounts falling due after one year	10	(31)	(124)
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(190)</u>	<u>(190)</u>
		<u>1,645</u>	<u>2,859</u>
FUNDS			
Revaluation reserve		(338)	(424)
Unrestricted funds		<u>1,983</u>	<u>3,283</u>
TOTAL FUNDS	13	<u>1,645</u>	<u>2,859</u>

These financial statements were approved by the Trustees on 15 January 2003, and signed on their behalf.


Stephen Moss
Trustee

CASH FLOW STATEMENT
For the year ended 31 March 2002

	Note	2002 £'000	2001 £'000
Net cash (outflow) from operating activities	1	(1,099)	(932)
Returns on investment and servicing of finance	2	63	80
Net cash (outflow)/inflow from capital transactions	3	(24)	67
Cash (outflow) before management of liquid resources and financing		(1,060)	(785)
Management of liquid resources	4	1,278	651
Increase / (Decrease) in cash		218	(134)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £'000	2001 £'000
Decrease in cash	218	(134)
Cash flow from (increase) in liquid resources	(1,278)	(651)
Change in net funds arising from cash flows	(1,060)	(785)
Other non-cash movements	(145)	(512)
Movement in net funds in year	(1,205)	(1,297)
Net opening funds	3,240	4,537
Net closing funds	2,035	3,240

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2001 £'000	Cashflow £'000	Other non- Cash Movements £'000	At 31 March 2002 £'000
Cash at bank and in hand	111	218	-	329
Investments - current assets	412	(412)	-	-
Investments - fixed assets	2,717	(866)	(145)	1,706
Net funds	3,240	(1,060)	(145)	2,035

NOTES TO THE CASH FLOW STATEMENT

Year ended 31 March 2002

1. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002 £'000	2001 £'000
Net outgoing resources	(1,214)	(1,181)
Unrealised loss on investments	77	424
Investment income	(61)	(79)
Interest receivable	(5)	(3)
Interest payable	3	2
Depreciation	100	75
Sale of investments	68	83
Decrease in stocks	7	3
(Increase)/Decrease in debtors	(32)	186
Increase/(Decrease) in creditors	51	(156)
Decrease in long term creditors	(93)	(80)
Decrease in provisions and liabilities	-	(206)
Net cash inflow/(outflow) from operating activities	<u>(1,099)</u>	<u>(932)</u>

2. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2002 £'000	2001 £'000
Investment income	61	79
Interest received	5	3
Interest paid	(3)	(2)
	<u>63</u>	<u>80</u>

3. CAPITAL EXPENDITURE

	2002 £'000	2001 £'000
Receipts from sale of HCTC division	75	125
Payments to acquire tangible fixed assets	(99)	(58)
	<u>(24)</u>	<u>67</u>

4. MANAGEMENT OF LIQUID RESOURCES

	2002 £'000	2001 £'000
Cash applied to purchase short term investments	-	(412)
Cash withdrawn from short term investments	412	393
Payments to acquire investments	-	(3,475)
Receipts from sales of investments	866	4,145
	<u>1,278</u>	<u>651</u>

Reserves of unit trusts classified as fixed asset investments in the balance sheet have been classified in the cash flow as liquid assets as the entity has used the investments in order to meet short term funding needs.

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985.

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments held as fixed assets.

Basis of Preparation: Going Concern

Hospitality Training Foundation is working with employers from the Hospitality, Leisure, Travel and Tourism sector to secure Sector Skills Council (SSC) status. SSCs replace National Training Organisations, which were discontinued at the end of March 2002.

To date, employers, working through HtF, have gained the Sector Skills Development Agency's (SSDA) unanimous approval to proceed to the Development Stage of the SSC process, having successfully submitted their Expression of Interest. HtF has been contracted by the SSDA to prepare and submit a business proposal, (being the key output of the Development Stage), to support the SSC, which, if approved, will lead to the final stage of the process, a five-year SSC licence being issued. Whilst the Trustees are confident of success, there is, however, uncertainty surrounding the approval as well as the level and timing of funding that the company will receive if it obtains SSC status. If SSC status is obtained, it will represent a significant proportion of the company's activities for the year ending 31 March 2004.

If approval is obtained an SSC licence should be issued to the contracting body by the end of June 2003. Meanwhile, during the interim period HtF will be required by employers to conduct essential skills and learning activities for which funding will be sought.

If the application is not successful, the Trustees have been, and recognise the need to continue, considering other forms of income generating activities to either replace the possible loss of income if the application is not successful or to complement it should it be successful. These sources of income relate to an expansion of the HAB qualification framework.

The Trustees consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. This assumes that either the application for SSC status is successful and the resultant forecast income received or that the Trustees' alternative plans are successful. The financial statements do not include any adjustments that would result if the application for SSC status were not successful or the Trustees' alternative plans were not successful.

Tangible fixed assets

The cost of tangible fixed assets is written off over the estimated life of the asset on a straight line basis. The depreciation rates used are as follows:

Leasehold improvements	period of lease
Furniture and office equipment	10-25% per annum

Investments

Investments held as fixed assets are stated at market value. Unrealised surpluses on revaluation are included in the unrestricted funds balance recognised in the Statement of Financial Activities. Realised surpluses and deficits are included in the Statement of Financial Activities as they arise.

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

1. ACCOUNTING POLICIES cont.

Unrestricted Funds

These are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Stocks

Stocks, which comprise course and other training materials, are stated at the lower of cost and net realisable value. No overhead expenditure is included.

Income

Income includes amounts receivable for services provided by the Hospitality Awarding Body, training services rendered by Stonebow, and for donations received and research and projects undertaken in the year by the National Training Organisation. Income also includes rents receivable in respect of the Ealing property, and income from investments and bank deposits.

Resources Expended

Resources expended are accounted for on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Central costs which cannot be directly allocated are apportioned across the cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Pensions

The company is a participating employer in the ITB Pension Funds and the basis of arriving at the pension cost is described in Note 17.

The ITB Pension Fund is a multi-employer defined benefits pension scheme. For the purposes of complying with the relevant accounting standards, the ITB Pension Fund is accounted for as a defined contribution scheme, since it is not possible to identify the assets and liabilities for each employer participating in the scheme. The amounts included in the statements of financial activities, balance sheet and cash flow statement are in accordance with SSAP24 and the transitional requirements of Financial Reporting Standard 17: Retirement Benefits.

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

2. INCOMING RESOURCES

	Total 2002 £'000	Total 2001 £'000
Incoming resources from operating activities		
<i>National Training Organisation (NTO)</i>		
Funding from DfES	334	338
Funding from other sources and other funding	596	471
	<u>930</u>	<u>809</u>
<i>Stonebow (education & training activities)</i>		
Course income	338	451
Support materials	158	217
Other income	74	89
	<u>570</u>	<u>757</u>
<i>HAB (awarding body activities)</i>		
Candidate Registration	1,101	977
Candidate Certification	262	293
Other income	212	243
	<u>1,575</u>	<u>1,513</u>
	<u>3,075</u>	<u>3,079</u>
Incoming resources from activities for generating funds		
Includes:		
Rent receivable in respect of Ealing property	257	258
Accountancy services to Springboard UK Ltd and Springboard Charitable Trust (see note 17)	3	20
	<u>3</u>	<u>20</u>

3. INVESTMENT INCOME

	2002 £'000	2001 £'000
Bank and short term deposit interest	5	3
Income from UK investments	61	79
	<u>66</u>	<u>82</u>

4. RESOURCES EXPENDED

	2002 £'000	2001 £'000
CHARITABLE EXPENDITURE		
Cost of generating funds		
Publicity and promotions	87	93
Training and course materials	288	278
Course costs	148	197
External examination fees	151	162
Staff costs	1,798	1,957
Other costs	790	610
Costs of activities in furtherance of charity's objects	<u>3,175</u>	<u>3,204</u>
Staff costs	397	308
Rent and service charges	445	401
Other costs	346	120
Support costs	<u>1,188</u>	<u>829</u>
Management and administration	<u>44</u>	<u>18</u>
	<u>4,494</u>	<u>4,144</u>

Staff costs detailed in charitable expenditure includes direct staff costs and staff related costs.

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

4. RESOURCES EXPENDED cont.

	Total 2002 £'000	Total 2001 £'000
Direct staff costs		
Salaries	1,605	1,671
Social security costs	125	142
Pension costs	-	-
	<u>1,730</u>	<u>1,813</u>

5. NET OUTGOING RESOURCES FOR THE YEAR

	Total 2002 £'000	Total 2001 £'000
Net (outgoing)/incoming resources for the year is stated after charging/(crediting):		
Auditors' remuneration - for audit services	8	8
Depreciation of tangible fixed assets	100	75
Operating lease rentals		
- land and buildings	395	395
- other	-	58
	<u>-</u>	<u>58</u>

6. TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY

	Short leasehold improvements £'000	Fixtures and office equipment £'000	Total £'000
Cost			
At 1 April 2001	166	645	811
Additions	-	99	99
At 31 March 2002	<u>166</u>	<u>744</u>	<u>910</u>
Accumulated depreciation			
At 1 April 2001	161	417	578
Charge for the year	5	95	100
At 31 March 2002	<u>166</u>	<u>512</u>	<u>678</u>
Net book value			
At 31 March 2002	<u>-</u>	<u>232</u>	<u>232</u>
At 31 March 2001	<u>5</u>	<u>228</u>	<u>233</u>

Details of fixed assets set out above include fully depreciated items totalling £311,839 (2001 - £283,174).

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

7. INVESTMENTS HELD AS FIXED ASSETS

	2002 £'000	2001 £'000
Quoted UK stock exchange investments		
Market value at 1 April	2,717	3,894
Additions at cost	-	3,475
Disposals at opening book value	(934)	(4,228)
Net unrealised investment losses	(77)	(424)
Market value at 31 March	1,706	2,717
Cost at 31 March	2,044	3,140

8. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	419	543
Debtor - proceeds of HCTC disposal due within one year	-	75
Other debtors	3	1
Prepayments and accrued income	155	1
	577	620

9. INVESTMENTS HELD AS CURRENT ASSETS

	2002 £'000	2001 £'000
Short term investments - deposits	-	412

10. CREDITORS

	2002 £'000	2001 £'000
Amounts falling due within one year		
Trade creditors	345	295
Other creditors	23	-
Taxation and social security	78	96
Accruals and deferred income	487	503
HCTC Limited advance discount with HAB	93	81
	1,026	975
Amounts falling due after one year		
HCTC Limited advance discount with HAB	31	124

The advance discount on the Awarding Body prices implicit in the sales agreement of the HCTC training division completed on 31 July 1998, is written back to the SOFA over the initial 5 year life of the agreement.

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Opening balance 1 April 2001 £'000	Provided/ (released) in year £'000	Applied in year £'000	Closing balance 31 March 2002 £'000
Dilapidations and associated costs in respect of Ealing property lease	190	-	-	190
	<u>190</u>	<u>-</u>	<u>-</u>	<u>190</u>

The company has arrived at the amounts included above after reference to external professional advice.

12. TAXATION

The trust is a registered charity and does not trade for tax purposes. It is not liable to corporation tax on any surplus.

13. TOTAL FUNDS

	Total 2002 £'000	Total 2001 £'000
Opening fund as previously stated	2,859	4,040
Net outgoing resources	(1,069)	(674)
Realised losses	(68)	(83)
Unrealised losses	(77)	(424)
Closing funds	<u>1,645</u>	<u>2,859</u>

14. OPERATING LEASE COMMITMENTS

At the year end, the company was committed to make the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Leases which expire:				
within one year	-	-	22	5
within two to five years	-	-	66	94
after five years	395	395	-	-
	<u>395</u>	<u>395</u>	<u>88</u>	<u>99</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

15. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

	2002 No.	2001 No.
Average number of employees during the year including both full and part time (each part time employee is shown as equivalent to half a full time employee)	<u>50</u>	<u>69</u>
The average number of employees, analysed by division, was:		
NTO	22	26
Hospitality Awarding Body	15	26
Stonebow	13	17
	<u>50</u>	<u>69</u>
	£'000	£'000
Total emoluments (remuneration and taxable benefits)	<u>1,730</u>	<u>1,813</u>
	No.	No.
The number of employees paid over £50,000 during the year (salary plus taxable benefits) was:		
£50,001 - £60,000	-	3
£70,001 - £80,000	2	1
For employees earning over £50,000:		
The number of staff in defined benefit pension scheme	<u>1</u>	<u>4</u>

No trustee, or person related or connected by business to them, has received any remuneration from the trust during the year, except for John Brackenbury in respect of consultancy services £13,899 (2001 - £31,770) and a contribution towards office expenses £3,611 (2001 - £8,254) during the period to 31st August 2001, a period during which Mr. Brackenbury was a trustee. With effect from 1st September 2001, Mr Brackenbury resigned as a trustee of the company but continued in the role of Executive Chairman.

During the year the total expenses reimbursed to the seven trustees amounted to £3,548 (2001 - £5,634). This principally represents reimbursed travelling expenses incurred in attending trustees' meetings.

The trust purchased insurance costing £1,654 (2001 - £1,575) to protect the company from loss arising from neglect or default of its trustees and to indemnify the trustees against the consequences of neglect or default on their part.

16. PENSION SCHEME

The company is a participating member of the ITB Pension Funds, in operation for the Industrial Training Boards and their successors. The assets of the scheme are held separately from those of the company in an independently administered fund. The actuarial liability is determined for the scheme as a whole and not for individual participating employers. For practical purposes the contributions paid to the scheme comprise the company's pension costs relating to the employees who are members of the scheme and these are charged to the Statement of Financial Activities in the period to which the contributions relate.

The Open Fund:

The Open Fund was formed in 1983 from an apportionment of the Combined Fund, and originally comprised those members of the Combined Fund whose employment was not terminated in the financial year 1982/83 as a result of measures taken by the then Secretary of State for Employment.

NOTES TO THE ACCOUNTS

Year ended 31 March 2002

16. PENSION SCHEME contd.

The Open Fund requires an actuarial valuation to be carried out at intervals of three years by an independent qualified actuary. The last formal valuation, based on Inland Revenue regulations, was at 31 March 2001, which showed the actuarial value of the assets was £506 million, representing 108% of the benefits that had accrued to the members. For the purpose of that valuation the actuary made the following assumptions:

Real investment yield in excess of earnings	1.5% p.a.
Real investment yield in excess of price increases	3.0% p.a.
Gross investment yield	7.5% p.a.
Rate of earnings increase	6.0% p.a.
Rate of inflation	4.5% p.a.

Following the revaluations undertaken in 1993 and 1998 agreement was reached between the participating employers and trustees of the pension scheme which resulted, inter alia, in each employer being allocated a share of the surplus to be dispersed in accordance with the fund rules, and is known as the Framework Agreement.

The pension cost charge for the year was £nil (2000 - £19,750). From August 1999 the company continued to contribute to the scheme at the rate of 16%. This was funded by 5%, with funds from the HtF employers share of the actuarial surplus under the Framework Agreement and 11% from the remaining Open Fund surplus. Although the scheme is a contributory scheme, with employees contributing 6%, from 1 April 2001 the scheme has effectively become non-contributory for employees, their contributions being funded by 5% from the surplus under the Framework Agreement and 1% from the remaining Open Fund surplus.

17. RELATED PARTY TRANSACTIONS

Stephen Moss and John Brackenbury are directors of Springboard Charitable Trust and Stephen Moss is a director of Springboard UK Limited. Certain contracts have been awarded to HtF by Springboard Charitable Trust and Springboard UK Limited in respect of accounting services until June 2001 when the contract ended.

John Brackenbury was a non-executive director of the Hotel and Catering Training Company Limited (HCTC), which receives awarding body services from HAB.