

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

Report of the Trustees and
Financial Statements
for the Year Ended 31 July 2021
for
Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

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

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

Contents of the Financial Statements
for the Year Ended 31 July 2021

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 6
Report of the Independent Auditors	7 to 10
Statement of Financial Activities	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	15 to 25
Detailed Statement of Financial Activities	26

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

Reference and Administrative Details
for the Year Ended 31 July 2021

TRUSTEES

D Goldsmith
G D Gittoes
C Rowles (resigned 6.8.21)
S Green
D J Hunt
N J Chatley (resigned 6.8.21)
D M Wood

COMPANY SECRETARY

R J Griffiths

REGISTERED OFFICE

Holmer Road
Hereford
HR4 9SX

REGISTERED COMPANY NUMBER

1475237 (England and Wales)

REGISTERED CHARITY NUMBER

512976

AUDITORS

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

SOLICITORS

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

BANKERS

Lloyds Bank PLC
8 High Town
Hereford
HR1 2AE

Key Management

Chief Executive
Workforce Development Manager
Engineering Operations Manager
Quality and Continuous Improvement Manager
Commerce Operations Manager
Finance Manager

N Morgan
D Hider (until 28/07/2021)
A Jones
J Jones
V Smith
B Griffiths

Report of the Trustees
for the Year Ended 31 July 2021

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 July 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

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

The Association's prime purpose is to organise and provide training for Members and other customers. This is summarised in the Mission Statement "HWGTA's mission is to deliver outstanding training provision that results in an increasingly skilled, dynamic, resilient and dedicated workforce for the local economy".

In order to do this effectively the following key objectives are in place:

1. Maintain high Quality Achievement Rates across all programmes
2. Ensure high levels of customer, learner and employer satisfaction
3. Meet the statutory requirements for keeping people safe in education and encouraging equality, diversity and inclusion
4. Continually improve the quality of our pedagogical and vocational provision to retain our Ofsted grade 1 Outstanding status
5. Generate a surplus each year to allow reinvestment in training activities

To achieve the objectives the services are extended to:

1. Provide advice and guidance on training and related matters
2. Provide careers advice and guidance to schools, colleges and people not in employment, education or training
3. Provide an apprenticeship promotion and a recruitment service
4. Maintain our ESFA contract and ROATP status to allow access to apprenticeship funding
5. Plan, implement, deliver and review high quality apprenticeship training
6. Review the availability of funded projects to facilitate training for members, customers and local people
7. Influence external agencies on the training and skills needs of members and customers

Significant activities

The Association delivers the following provision:

Apprenticeships

Accountancy and Finance
Business Administration
Coaching
Customer Service
Engineering and Manufacturing
Leadership & Management

Training

Engineering
Electrical
First Aid (inc Mental Health FA)
Health & Safety
IT
Leadership & Management
Personal Development day courses
Teaching & Trainer qualifications

Report of the Trustees
for the Year Ended 31 July 2021

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The priorities for the year were to:

1. Meet the training needs of the Members and other customers, evidenced by feedback surveys and continual demand for services
2. Deliver apprenticeships for employers to the criteria of the Education & Skills Funding Agency and Institute for Apprenticeships and Technical Education
3. Maintain high levels of achievement and progression
4. Contribute to regional and national skill priorities through memberships of local and national network groups
5. Progress the 'ideal' of employer-led training

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

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

- Further developing existing Apprenticeship Standards and introducing new Apprenticeship standards as a lead provider to service local needs
- Managing the impact of the COVID-19 pandemic including restrictions to our activities.
- Addressing the lack of applicants onto apprenticeship programmes.

The autumn 2020 recruitment was negatively affected by the pandemic, with engineering vacancies c60% of usual levels. Other programmes witnessed high activity and the number of learners on commerce programmes continued to rise during the year. As the year progressed, employer apprentice vacancies returned to pre-pandemic levels, although a shortage of suitable applicants has left vacancies unfilled. This is believed to be a direct result of the lack of face-to-face IAG activity possible since March 2020.

The ESFA determined that due to the COVID-19 pandemic achievement rates would not be published in 2020-21, preventing the Association from benchmarking with other providers. The Association's achievement rates remain robust at above 80% and are expected to remain significantly higher than the national average. A fall in engineering achievement rates is attributable to the delayed completion of a learner cohort due to a combination of pandemic caused delays and being the first cohort to reach End Point Assessment on the engineering standards. The trustees monitor and scrutinise success rates to ensure achievement remains consistently high and challenge the management team to continually improve all elements of training delivery.

HWGTA Achievement Rates	Overall Achievement		
	2018/19	2019/20	2020/21
Cohort	220	242	238
Achieved	177	204	191
Achievement Rate	80.45%	84.30%	80.25%

Delivery of in-centre, remote and in-company training and monitoring continued throughout the year. During the January 2021 lockdown it was necessary to stop all face-to-face delivery and switch to remote only means. Due to experience gained in early 2020 and by having contingency plans in place this did not cause significant disruption to training. A thorough review of our activities during lockdowns was carried out and as a result some of our training plans were adapted to combine face-to-face and remote teaching/training. The Association remains committed to the value and quality of in person teaching and this will remain at the core of our provision.

Our key performance indicators are:

1. Numbers of apprentice starts across all programmes
2. Quality Achievement rates
3. Number of withdrawals (non-achievers)
4. Learners that are past planned end date
5. Learners on a break-in-learning
6. Number of schools and careers events attended
7. Financial indicators

Fundraising activities

The Association does not carry out any significant fundraising activities.

Report of the Trustees
for the Year Ended 31 July 2021

FINANCIAL REVIEW

Financial position

The results for the year are set out in this document. The original budget at the beginning of the year predicated a surplus of £169k. During the year the tenancy of Elgar House ended and the dilapidations realised 166k of unexpected income, combined with increases in commerce apprentice starts and cost savings across all operations to realise a year end surplus of £403,631 (2020: £179,360)

The Association's total income for the year increased to £3,096,289 (2020 - £2,684,965). However, the 2021 figures relate to a 12 month period in comparison to an 11 month period for 2020. Due to the effects of the pandemic the income is not easily comparable to the prior period, key income is discussed in more detail in the notes to the financial statements.

Total funds as at 31 July 2021 were £3,879,755 (2020: £3,476,124) which are wholly made up of unrestricted funds.

Free reserves at the year end, amounted to £1,087,741 (2020: £697,287) excluding non-current liabilities of £2,061,463 (2020: £2,142,488) for which payments will be met as they fall due. £1,281,164 of free reserves are held in the form of cash at bank (2020: £716,605) which should enable the Association to meet its liabilities.

The 2021-2022 year has started optimistically with a return to pre-pandemic start numbers on the engineering programmes, with commerce programmes maintaining the strong performance of 2020-2021, allowing us to plan for investment into our centres and activities while maintaining a surplus.

Principal funding sources

The principal source of funding is apprenticeship funds via the Education and Skills Funding Agency, used to provide apprentice training and assessment in accordance with the Funding Rules.

Reserves policy

The Association holds reserves to ensure:-

- Continuation of activities in periods of less favourable funding and income.
- Secure and suitable premises in Herefordshire and Worcestershire.
- Provision for major capital items.
- The capability to develop new provision.

Level of reserves

To meet fluctuations in funding and routine capital expenditure, we are working towards operating cash reserves being maintained at a minimum of 20% of turnover, or 50% of employment costs whichever is the greater. Should a building project be anticipated within a three year period, then the level of Reserves may be increased up to a maximum level of 100% of turnover, reflecting the anticipated costs of the land and/or buildings.

Maintenance and monitoring of reserves

In years of favourable funding, resulting surpluses will be held as reserves within the levels and for the purpose set out in this policy.

The Board of Directors will review current levels of reserves along with various operational factors at each Board meeting. Reserves will be externally audited annually and discussion between the Auditor, Chairman, Treasurer and Chief Executive will confirm compliance with the reserves policy.

Monitoring and reviewing the policy

All policies, including the Reserves Policy, will be reviewed by the Board of Directors as required by the Association quality procedure.

FINANCIAL REVIEW

GOING CONCERN AND COVID19

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

- Following official Government guidance to ensure the safety and health of employees, learners and anyone we interact with.
- Implementation of remote learning where it is possible to allow programmes to continue during lockdown and without detrimental impact to the high standards expected.
- Provision of in-centre practical training under strict control protocols where specialist equipment is required.
- Utilising the Coronavirus Job Retention Scheme where the loss of commercial training activity and lockdown resulted in training activity ceasing, but ensuring this was kept to a minimum.
- Continuing to support employers and learners throughout the pandemic to ensure that learners remain in training and continue towards achievement.
- Ensuring financial risk assessment and forecasting is performed and reviewed to ensure the activities remain viable.
- Working with all stakeholders and network partners to share best practice.
- Implementation of a Lateral Flow Testing process for staff and learners.
- Ensuring that measures were eased and a return to standard operating practices was enabled when safe to do so, as these SOP enable the best means of learning and achievement for apprentices and delegates.

FUTURE PLANS

The Association plans to continue the work in line with the principal activities of the company. The current strategic plan and objectives are through to 2023 and have objectives under the following headlines:

- Quality of Provision
- Governance, Influence & Relationships with stakeholders
- Structure & Staffing
- Service & Delivery
- Resources, Premises & Equipment
- Quality of Provision
- Financial Health

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.

Herefordshire and Worcestershire 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 1.

Recruitment and appointment of new trustees

If new trustees/directors are required, they will be recruited from apprentice employers and will be provided with an induction to understand the operation and governance of the Association.

Organisational structure

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.

Report of the Trustees
for the Year Ended 31 July 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT
REMUNERATION POLICY - SENIOR STAFF

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

The 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.

Risk management

The trustees/ directors have conducted their own review of the major risks to which the Association is exposed and systems have been established to mitigate those risks. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the Association. These procedures are periodically reviewed to ensure that they still meet the needs of the Association.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Herefordshire Group Training Association for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

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

Approved by order of the board of trustees on11/4/22..... and signed on its behalf by:



G D Gittoes - Trustee

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

Opinion

We have audited the financial statements of Herefordshire and Worcestershire Group Training Association Limited (by guarantee) (the 'charitable company') for the year ended 31 July 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 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 Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- o Enquiring of trustees, the finance committee and inspection of policy documentation as to the Charity's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- o Reading Trustees' meetings and finance committee minutes.
- o Considering performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks. We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by finance management/ those posted and approved by the same user/ those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation and the Charities Act legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Charity is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Charity's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection, anti-money laundering and specific areas of other legislation recognising the nature of the Charity's activities.

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

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management, inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lisa Weaver FCCA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: 13/4/22.....

Herefordshire and Worcestershire Group
Training Association Limited
 (by guarantee)

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 July 2021

					Year Ended 31.7.21 Total funds £	Period 1.9.19 to 31.7.20 Total funds £
	Notes	Unrestricted fund £	Designated fund £	Restricted fund £		
INCOME AND ENDOWMENTS FROM						
Charitable activities	3					
Provision of training		2,839,019	-	-	2,839,019	2,599,387
Investment income	2	257,270	-	-	257,270	85,578
Total		3,096,289	-	-	3,096,289	2,684,965
EXPENDITURE ON						
Raising funds						
Investment management costs	4	2,984	-	-	2,984	3,429
		2,984	-	-	2,984	3,429
Charitable activities	5					
Provision of training		2,689,674	-	-	2,689,674	2,502,176
Total		2,692,658	-	-	2,692,658	2,505,605
NET INCOME		403,631	-	-	403,631	179,360
RECONCILIATION OF FUNDS						
Total funds brought forward		3,476,124	-	-	3,476,124	3,296,764
TOTAL FUNDS CARRIED FORWARD		3,879,755	-	-	3,879,755	3,476,124

The notes form part of these financial statements

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

Balance Sheet
31 July 2021

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	31.7.21 Total funds £	31.7.20 Total funds £
FIXED ASSETS						
Tangible assets	10	4,008,477	-	-	4,008,477	4,076,325
Investment property	11	845,000	-	-	845,000	845,000
		<u>4,853,477</u>	<u>-</u>	<u>-</u>	<u>4,853,477</u>	<u>4,921,325</u>
CURRENT ASSETS						
Debtors	12	432,276	-	-	432,276	241,809
Cash at bank		1,281,164	-	-	1,281,164	716,605
		<u>1,713,440</u>	<u>-</u>	<u>-</u>	<u>1,713,440</u>	<u>958,414</u>
CREDITORS						
Amounts falling due within one year	13	(417,366)	-	-	(417,366)	(261,127)
		<u>1,296,074</u>	<u>-</u>	<u>-</u>	<u>1,296,074</u>	<u>697,287</u>
NET CURRENT ASSETS						
		<u>1,296,074</u>	<u>-</u>	<u>-</u>	<u>1,296,074</u>	<u>697,287</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,149,551</u>	<u>-</u>	<u>-</u>	<u>6,149,551</u>	<u>5,618,612</u>
CREDITORS						
Amounts falling due after more than one year	14	(2,269,796)	-	-	(2,269,796)	(2,142,488)
		<u>3,879,755</u>	<u>-</u>	<u>-</u>	<u>3,879,755</u>	<u>3,476,124</u>
NET ASSETS		<u>3,879,755</u>	<u>-</u>	<u>-</u>	<u>3,879,755</u>	<u>3,476,124</u>
FUNDS	18					
Unrestricted funds:						
General fund					3,879,755	3,476,124
TOTAL FUNDS					<u>3,879,755</u>	<u>3,476,124</u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 11/4/22 and were signed on its behalf by:


D Goldsmith - Trustee

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

Cash Flow Statement
for the Year Ended 31 July 2021

	Notes	Year Ended 31.7.21 £	Period 1.9.19 to 31.7.20 £
Cash flows from operating activities			
Cash generated from operations	1	272,396	369,328
Interest paid		(35,447)	(41,980)
Rental income		(255,331)	(83,854)
Net cash (used in)/provided by operating activities		(18,382)	243,494
Cash flows from investing activities			
Purchase of tangible fixed assets		(10,680)	(18,000)
Interest received		168,591	1,724
Rental income		255,331	83,854
Net cash provided by investing activities		413,242	67,578
Cash flows from financing activities			
New loans in year		250,000	-
Loan repayments in year		(80,301)	(68,504)
Net cash provided by/(used in) financing activities		169,699	(68,504)
Change in cash and cash equivalents in the reporting period		564,559	242,568
Cash and cash equivalents at the beginning of the reporting period		716,605	474,037
Cash and cash equivalents at the end of the reporting period		1,281,164	716,605

The notes form part of these financial statements

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

Notes to the Cash Flow Statement
for the Year Ended 31 July 2021

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

	Year Ended 31.7.21 £	Period 1.9.19 to 31.7.20 £
Net income for the reporting period (as per the Statement of Financial Activities)	403,631	179,360
Adjustments for:		
Depreciation charges	78,528	81,279
Interest received	(168,591)	(1,724)
Interest paid	35,447	41,980
(Increase)/decrease in debtors	(190,467)	58,086
Increase in creditors	113,848	10,347
Net cash provided by operations	<u>272,396</u>	<u>369,328</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.20 £	Cash flow £	At 31.7.21 £
Net cash			
Cash at bank and in hand	<u>716,605</u>	<u>564,559</u>	<u>1,281,164</u>
	<u>716,605</u>	<u>564,559</u>	<u>1,281,164</u>
Debt			
Debts falling due within 1 year	(96,667)	(42,392)	(139,059)
Debts falling due after 1 year	<u>(2,142,488)</u>	<u>(127,308)</u>	<u>(2,269,796)</u>
	<u>(2,239,155)</u>	<u>(169,700)</u>	<u>(2,408,855)</u>
Total	<u>(1,522,550)</u>	<u>394,859</u>	<u>(1,127,691)</u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

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

Going Concern and the impact of COVID19

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

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

The Association is seeing strong demand for apprentice vacancies with local employers and start numbers are at pre-pandemic levels, enabling appropriate financial budgeting and risk management. Good practice learned during COVID19 has been implemented into programmes where it brings improvement to provision.

The number of apprentice applicants is lower than required to fill available vacancies. A return to IAG activity with local schools and colleges is intended to stimulate interest and increase the applicant pool.

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

At the year end the organisation has made its highest recorded surplus and has Free Reserves in excess of £1m, the majority of which is held in the form of cash at bank. This is still the case as of date of signing these financial statements.

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

Income

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

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

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

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

Debtors

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

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Creditors and provisions

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

Tangible fixed assets

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

Crossway House £940,000

The directors are of the opinion that this is still a true market value.

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

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

Assets under construction are not depreciated until brought into use.

Investment property

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

Elgar House £845,000

The directors are of the opinion that this is still a true market value.

Taxation

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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

1. ACCOUNTING POLICIES - continued

Financial instruments

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

Cash and bank and in hand

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

2. INVESTMENT INCOME

			Year Ended 31.7.21	Period 1.9.19 to 31.7.20
	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Rents received	88,679	-	88,679	83,854
Investment income	1,939	-	1,939	1,724
One-off investment income	166,652	-	166,652	-
	<u>257,270</u>	<u>-</u>	<u>257,270</u>	<u>85,578</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		Year Ended 31.7.21	Period 1.9.19 to 31.7.20
	Activity	£	£
Government funds	Provision of training	2,354,131	2,039,287
Employers contributions and other course income	Provision of training	453,592	453,791
Room hire	Provision of training	3,166	6,192
Grants - CJRS	Provision of training	26,480	100,117
Other income	Provision of training	1,650	-
		<u>2,839,019</u>	<u>2,599,387</u>

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

	Year Ended 31.7.21	Period 1.9.19 to 31.7.20
	£	£
Covid Job Retention Scheme	<u>26,480</u>	<u>100,117</u>

Notes to the Financial Statements - continued
 for the Year Ended 31 July 2021

4. INVESTMENT MANAGEMENT COSTS

			Year Ended 31.7.21 Total funds £	Period 1.9.19 to 31.7.20 Total funds £
Interest payable and similar charges	Unrestricted funds £	Restricted funds £	2,984	3,429
			<u>2,984</u>	<u>3,429</u>

5. CHARITABLE ACTIVITIES COSTS

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

6. NET INCOME/(EXPENDITURE)

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

		Year Ended 31.7.21 £	Period 1.9.19 to 31.7.20 £
Depreciation - owned assets		78,528	81,280
Auditors' fees - statutory audit		5,945	5,745
Operating lease payments		<u>32,980</u>	<u>32,635</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 July 2021 nor for the period ended 31 July 2020.

Trustees' expenses

Expenses paid in carrying out Trustees' duties amounted to £Nil (2020: £Nil)

8. STAFF COSTS

	Year Ended 31.7.21 £	Period 1.9.19 to 31.7.20 £
Wages and salaries	1,362,082	1,221,383
Social security costs	143,975	125,361
Other pension costs	<u>74,138</u>	<u>73,973</u>
	<u>1,580,195</u>	<u>1,420,717</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

8. STAFF COSTS - continued

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

	Year Ended 31.7.21	Period 1.9.19 to 31.7.20
Key management	5	5
Training	31	33
Administration	9	9
	<u>45</u>	<u>47</u>

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

	Year Ended 31.7.21	Period 1.9.19 to 31.7.20
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

The key management personnel of the charitable company comprise the Chief Executive and the management team as listed on page 1. The total employee benefits of the key management personnel were £303,337 (2020: £239,519)

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - 31 JULY 2020

	Unrestricted fund £	Designated fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Charitable activities				
Provision of training	2,599,387	-	-	2,599,387
Investment income	85,578	-	-	85,578
Total	<u>2,684,965</u>	<u>-</u>	<u>-</u>	<u>2,684,965</u>
EXPENDITURE ON				
Raising funds				
Investment management costs	3,429	-	-	3,429
	<u>3,429</u>	<u>-</u>	<u>-</u>	<u>3,429</u>
Charitable activities				
Provision of training	2,502,176	-	-	2,502,176
Total	<u>2,505,605</u>	<u>-</u>	<u>-</u>	<u>2,505,605</u>
NET INCOME	<u>179,360</u>	<u>-</u>	<u>-</u>	<u>179,360</u>

Notes to the Financial Statements - continued
 for the Year Ended 31 July 2021

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - 31 JULY 2020 - continued

	Unrestricted fund £	Designated fund £	Restricted fund £	Total funds £
RECONCILIATION OF FUNDS				
Total funds brought forward	3,296,764	-	-	3,296,764
TOTAL FUNDS CARRIED FORWARD	<u>3,476,124</u>	<u>-</u>	<u>-</u>	<u>3,476,124</u>

The designated fund is held for future dilapidation costs.

10. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 August 2020	3,740,656	326,821	392,007
Additions	-	-	10,680
At 31 July 2021	<u>3,740,656</u>	<u>326,821</u>	<u>402,687</u>
DEPRECIATION			
At 1 August 2020	-	128,112	287,300
Charge for year	-	32,682	19,595
At 31 July 2021	<u>-</u>	<u>160,794</u>	<u>306,895</u>
NET BOOK VALUE			
At 31 July 2021	<u>3,740,656</u>	<u>166,027</u>	<u>95,792</u>
At 31 July 2020	<u>3,740,656</u>	<u>198,709</u>	<u>104,707</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

10. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Hardware & Software £	IT & Infrastructure £	Totals £
COST				
At 1 August 2020	34,001	64,045	33,766	4,591,296
Additions	-	-	-	10,680
At 31 July 2021	34,001	64,045	33,766	4,601,976
DEPRECIATION				
At 1 August 2020	29,096	36,697	33,766	514,971
Charge for year	4,905	21,346	-	78,528
At 31 July 2021	34,001	58,043	33,766	593,499
NET BOOK VALUE				
At 31 July 2021	-	6,002	-	4,008,477
At 31 July 2020	4,905	27,348	-	4,076,325

11. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 August 2020 and 31 July 2021	845,000
NET BOOK VALUE	
At 31 July 2021	845,000
At 31 July 2020	845,000

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.21 £	31.7.20 £
Trade and other debtors	388,290	214,764
Prepayments and accrued income	43,986	27,045
	432,276	241,809

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.21	31.7.20
	£	£
Bank loans and overdrafts (see note 15)	139,059	96,667
Trade and other creditors	186,361	74,940
Social security and other taxes	44,189	51,723
Accruals and deferred income	47,757	37,797
	<u>417,366</u>	<u>261,127</u>

	2021	2020
	£	£
Deferred Income at 1 August 2020	16,608	7,208
Released from previous years	(16,608)	(7,208)
Resources deferred in the year	<u>3,763</u>	<u>16,608</u>
Deferred Income at 31 July 2021	<u>3,763</u>	<u>16,608</u>

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

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

	31.7.21	31.7.20
	£	£
Bank loans (see note 15)	<u>2,269,796</u>	<u>2,142,488</u>

15. LOANS

An analysis of the maturity of loans is given below:

	31.7.21	31.7.20
	£	£
Amounts falling due within one year on demand:		
Bank loans	97,392	96,667
Coronavirus Business Interruption Loan	<u>41,667</u>	<u>-</u>
	<u>139,059</u>	<u>96,667</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	97,392	96,667
Coronavirus Business Interruption Loan	<u>50,000</u>	<u>-</u>
	<u>147,392</u>	<u>96,667</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	292,176	289,698
Coronavirus Business Interruption Loan	<u>158,333</u>	<u>-</u>
	<u>450,509</u>	<u>289,698</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

15. LOANS - continued

	31.7.21 £	31.7.20 £
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	1,671,895	1,756,123

16. LEASING AGREEMENTS

At 31 July 2021 the total future minimum lease payments under non-cancellable operating leases were:

Other operating leases		
Expiring:	31.7.21 £	31.7.20 £
Within one year	24,672	33,326
Between one and five years	<u>30,336</u>	<u>20,807</u>
	<u>55,008</u>	<u>54,133</u>

At 31 July 2021 the total future minimum lease receipts under non-cancellable operating leases were:

Land and Buildings		
Expiring:	31.7.21 £	31.7.20 £
Within one year	47,392	49,233
Between one and five years	-	-
	<u>47,392</u>	<u>49,233</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.7.21 £	31.7.20 £
Bank loans	<u>2,408,855</u>	<u>2,239,155</u>

The secured bank loans are secured at 31 July 2021 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 1.8.20 £	Net movement in funds £	At 31.7.21 £
Unrestricted funds			
General fund	3,476,124	403,631	3,879,755
TOTAL FUNDS	<u>3,476,124</u>	<u>403,631</u>	<u>3,879,755</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2021

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	3,096,289	(2,692,658)	403,631
TOTAL FUNDS	<u>3,096,289</u>	<u>(2,692,658)</u>	<u>403,631</u>

Comparatives for movement in funds

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

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

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

19. EMPLOYEE BENEFIT OBLIGATIONS

During the period the charitable company incurred pension costs of £74,138 (2020: £73,973). There was an amount of £8,890 outstanding at the year end (2020: £17,405)

20. RELATED PARTY DISCLOSURES

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

21. ULTIMATE CONTROLLING PARTY

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

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

Detailed Statement of Financial Activities
for the Year Ended 31 July 2021

	Year Ended 31.7.21 £	Period 1.9.19 to 31.7.20 £
INCOME AND ENDOWMENTS		
Investment income		
Rents received	88,679	83,854
Investment income	1,939	1,724
One-off investment income	166,652	-
	<hr/> 257,270	<hr/> 85,578
Charitable activities		
Government funds	2,354,131	2,039,287
Employers contributions and other course income	453,592	453,791
Room hire	3,166	6,192
Grants - CJRS	26,480	100,117
Other income	1,650	-
	<hr/> 2,839,019	<hr/> 2,599,387
Total incoming resources	<hr/> 3,096,289	<hr/> 2,684,965
EXPENDITURE		
Investment management costs		
Bank loan interest	2,984	3,429
Charitable activities		
Staff salaries	1,362,082	1,221,383
Social security	143,975	125,361
Pensions	74,138	73,973
Training and courses	533,375	566,623
Development and acquisition expenditure	7,458	22,154
Premises costs	186,780	122,732
Office Costs	270,875	250,120
Improvements to property	37,260	32,682
Depreciation plant & machinery	15,017	18,750
Fixtures and fittings	4,905	8,499
Depn of hardware & software	21,346	21,348
Bank loan interest	32,463	38,551
	<hr/> 2,689,674	<hr/> 2,502,176
Total resources expended	<hr/> 2,692,658	<hr/> 2,505,605
Net income	<hr/> <hr/> 403,631	<hr/> <hr/> 179,360

This page does not form part of the statutory financial statements