



Herefordshire and Worcestershire Group Training Association



Thorne Widgery Accountancy Ltd
2 Wyevale Business Park
Kings Acre
Hereford
HR4 7BS

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with audit of Herefordshire and Worcestershire Group Training Association Limited financial statements for the year ended 31 July 2022. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

General

- 1 We have fulfilled our responsibilities as trustees as set out in the terms of your engagement letter], under the Companies Act 2006 / Charities Act 2011 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 2 All the transactions undertaken by the charitable company have been properly reflected and recorded in the accounting records.
- 3 All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the charitable company, and with all other records and related information requested, including minutes of all management and trustee meetings and correspondence with The Charity Commission.
- 4 The financial statements are free of material misstatements, including omissions.
- 5 The effects of uncorrected misstatements are immaterial both individually and in total.

Internal control and fraud

- 6 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
- 7 We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 8 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

Assets and liabilities

- 9 The charitable company has satisfactory title to all assets and there are no liens or encumbrances on the charitable company's assets, except for those that are disclosed in the notes to the financial statements. The valuation of the property is considered appropriate to be held at market value.
- 10 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 11 We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 12 We believe that both the investment property and the property occupied by the Charity are accurately measured at a true market value at the reporting date.

Accounting estimates

- 13 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Loans and arrangements

- 14 The charitable company has not granted any advances or credits to, or made guarantees on behalf of directors other than those disclosed in the financial statements.



Legal claims

- 15 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.

Laws and regulations

- 16 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Related parties

- 17 Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

Subsequent events

- 18 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

Going concern

- 19 We believe that the charitable company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charitable company's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the charitable company's ability to continue as a going concern need to be made in the financial statements.

We have considered the effects current inflationary pressures on the future of the charitable company and believe they are in a sound financial position to continue for the foreseeable future. Adequate disclosure has been included in the notes to the financial statements.

Grants and donations

- 20 All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Each director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully


.....
Signed on behalf of the board of trustees

Date:

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

Report of the Trustees and
Financial Statements
for the Year Ended 31 July 2022
for
Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

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

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

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for the Year Ended 31 July 2022

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Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

Reference and Administrative Details
for the Year Ended 31 July 2022

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 A J Cook (appointed 6.5.22) A Hall (appointed 4.8.22)	
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 Widgey Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS	
SOLICITORS	Lanyon Bowdler 12 The Business Quarter Eco Park Road Ludlow Shropshire SY8 1FD	
BANKERS	Lloyds Bank PLC 8 High Town Hereford HR1 2AE	
KEY MANAGEMENT	N Morgan J Jones A Jones V Smith B Griffiths	Chief Executive Head of Organisational Development Head of Engineering Head of Commerce Finance Manager

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 2022. 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
Multiply Numeracy Training

Report of the Trustees
for the Year Ended 31 July 2022

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
- Addressing the lack of applicants onto apprenticeship programmes.
- Collaborating with local authorities to tender for and deliver funded training programmes.

The Autumn 2021 recruitment was lower than intended, primarily due to the lack of suitable applicants and the start number was 90% of desired levels. Other programmes witnessed high activity and the number of learners on commerce programmes was stable during the year. Employer apprentice vacancies are high, although a shortage of suitable applicants has left commerce vacancies unfilled. The return to face-to-face IAG activity towards the end of the year, plus recently announced legislation for provider access to schools should aid the promotion of apprenticeships in the longer term.

The Association's achievement rates have dropped for the 2021/22 year, due to an increase in early leavers that has reflected a trend in the wider apprenticeship sector. With over 200 learners completing, the Association's achievement rate remains robust at 75%. National data for the same period is not yet published, however we anticipate remaining significantly higher than the national average which in 2020/21 had fallen to 57.7% overall and as low as 51.8% on apprenticeship standards. Maintaining high levels of achievement remains a key objective of the Association. The trustees monitor and scrutinise achievement and retention 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	2021/22
Cohort	220	241	238	266
Achieved	177	204	191	201
Achievement Rate	80.45%	84.30%	80.25%	75.56%

This was the first complete year post-pandemic that allowed for a continuous delivery plan, without lockdown or interruption. 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 2022

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 £249k. During the year the Trustees agreed a significant refurbishment programme for the Crossways House training centre, at a cost of £141k over budgeted allowance, consequently reducing surplus expectations for the year. This combined with higher expenditure on materials, energy and other costs towards the end of the year resulted in a year end loss of £17k.

Total funds as at 31 July 2022 were £3,862,914 (2021: £3,879,755) which are wholly made up of unrestricted funds.

Free reserves at the year end, amounted to £1,014,241 (2021: £1,087,741) excluding non-current liabilities of £1,985,779 (2021: £2,061,463 for which payments will be met as they fall due. £936,520 of free reserves are held in the form of cash at bank (2021: £1,281,164) which should enable the Association to meet its liabilities.

The 2022-2023 year has started optimistically with a record intake on the engineering programmes and a record intake on our accountancy level 2 programme. Other commerce programmes are seeing lower intakes than last year, vacancies with employers remain high, the lower intake is due to the lack of suitable applicants. The lower engineering intakes in 2020 and 2021 continue to impact our income, in combination with cost increases across the board will make FY22/23 a challenge financially but one that is budgeted to generate 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.

Report of the Trustees
for the Year Ended 31 July 2022

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

The Association has explored options for a full refurbishment of the Holmer Road site, or potential to relocate to a new purpose built centre. The trustees have determined the long term future of the Hereford operation would be best facilitated by vacating the aging Holmer Road premises and constructing a new training centre. A potential site has been identified and negotiations are underway for the sale of the Holmer Road site. The Association has committed to approximately £90,000 expenditure, commissioning a full design and instructing a legal team to support the project.

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 3.

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

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.

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.

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 2022

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 and the Treasurer 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.

EVENTS SINCE THE END OF THE YEAR

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

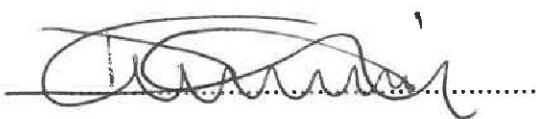
In so far as the trustees are aware:

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

AUDITORS

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

Approved by order of the board of trustees on 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 2022 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 2022 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.

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:

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

Balance Sheet
31 July 2022

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	31.7.22 Total funds £	31.7.21 Total funds £
FIXED ASSETS						
Tangible assets	10	3,989,452	-	-	3,989,452	4,008,477
Investment property	11	<u>845,000</u>	-	-	<u>845,000</u>	<u>845,000</u>
		4,834,452	-	-	4,834,452	4,853,477
CURRENT ASSETS						
Debtors	12	577,578	-	-	577,578	432,276
Cash at bank		<u>936,520</u>	-	-	<u>936,520</u>	<u>1,281,164</u>
		1,514,098	-	-	1,514,098	1,713,440
CREDITORS						
Amounts falling due within one year	13	<u>(333,190)</u>	-	-	<u>(333,190)</u>	<u>(417,366)</u>
NET CURRENT ASSETS		<u>1,180,908</u>	-	-	<u>1,180,908</u>	<u>1,296,074</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,015,360	-	-	6,015,360	6,149,551
CREDITORS						
Amounts falling due after more than one year	14	<u>(2,152,446)</u>	-	-	<u>(2,152,446)</u>	<u>(2,269,796)</u>
NET ASSETS		<u>3,862,914</u>	-	-	<u>3,862,914</u>	<u>3,879,755</u>
FUNDS	18					
Unrestricted funds:						
General fund					<u>3,862,914</u>	<u>3,879,755</u>
TOTAL FUNDS					<u>3,862,914</u>	<u>3,879,755</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 and were signed on its behalf by:


D Goldsmith - Trustee

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 2022

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	31.7.22 Total funds £	31.7.21 Total funds £
INCOME AND ENDOWMENTS FROM						
Charitable activities						
Provision of training		3,182,804	-	-	3,182,804	2,839,019
Investment income	2	91,146	-	-	91,146	257,270
Other income		<u>4,855</u>	<u>-</u>	<u>-</u>	<u>4,855</u>	<u>-</u>
Total		<u>3,278,805</u>	<u>-</u>	<u>-</u>	<u>3,278,805</u>	<u>3,096,289</u>
EXPENDITURE ON						
Raising funds						
Investment management costs	4	<u>3,542</u>	<u>-</u>	<u>-</u>	<u>3,542</u>	<u>2,984</u>
		3,542	-	-	3,542	2,984
Charitable activities						
Provision of training	5	<u>3,292,104</u>	<u>-</u>	<u>-</u>	<u>3,292,104</u>	<u>2,689,674</u>
Total		<u>3,295,646</u>	<u>-</u>	<u>-</u>	<u>3,295,646</u>	<u>2,692,658</u>
NET INCOME/(EXPENDITURE)		(16,841)	-	-	(16,841)	403,631
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>3,879,755</u>	<u>-</u>	<u>-</u>	<u>3,879,755</u>	<u>3,476,124</u>
TOTAL FUNDS CARRIED FORWARD		<u>3,862,914</u>	<u>-</u>	<u>-</u>	<u>3,862,914</u>	<u>3,879,755</u>

The notes form part of these financial statements

Herefordshire and Worcestershire Group
Training Association Limited
(by guarantee)

Cash Flow Statement
for the Year Ended 31 July 2022

	Notes	31.7.22 £	31.7.21 £
Cash flows from operating activities			
Cash generated from operations	1	(136,809)	439,048
Interest paid		(46,076)	(35,447)
Rental income		<u>(88,292)</u>	<u>(255,331)</u>
Net cash (used in)/provided by operating activities		<u>(271,177)</u>	<u>148,270</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(55,188)	(10,680)
Sale of tangible fixed assets		11,500	-
Interest received		2,854	1,939
Rental income		<u>88,292</u>	<u>255,331</u>
Net cash provided by investing activities		<u>47,458</u>	<u>246,590</u>
Cash flows from financing activities			
New loans in year		-	250,000
Loan repayments in year		<u>(120,925)</u>	<u>(80,301)</u>
Net cash (used in)/provided by financing activities		<u>(120,925)</u>	<u>169,699</u>
Change in cash and cash equivalents in the reporting period		<u>(344,644)</u>	<u>564,559</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,281,164</u>	<u>716,605</u>
Cash and cash equivalents at the end of the reporting period		<u>936,520</u>	<u>1,281,164</u>

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 2022

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.7.22 £	31.7.21 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(16,841)	403,631
Adjustments for:		
Depreciation charges	67,568	78,528
Profit on disposal of fixed assets	(4,855)	-
Interest received	(2,854)	(1,939)
Interest paid	46,076	35,447
Increase in debtors	(145,302)	(190,467)
(Decrease)/increase in creditors	<u>(80,601)</u>	<u>113,848</u>
Net cash (used in)/provided by operations	<u>(136,809)</u>	<u>439,048</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.21 £	Cash flow £	At 31.7.22 £
Net cash			
Cash at bank	<u>1,281,164</u>	<u>(344,644)</u>	<u>936,520</u>
	<u>1,281,164</u>	<u>(344,644)</u>	<u>936,520</u>
Debt			
Debts falling due within 1 year	(139,059)	3,576	(135,483)
Debts falling due after 1 year	<u>(2,269,796)</u>	<u>117,350</u>	<u>(2,152,446)</u>
	<u>(2,408,855)</u>	<u>120,926</u>	<u>(2,287,929)</u>
Total	<u>(1,127,691)</u>	<u>(223,718)</u>	<u>(1,351,409)</u>

Notes to the Financial Statements
for the Year Ended 31 July 2022

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.

Going Concern

The Board have 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 Association has strong demand for apprenticeships, with vacancies remaining high and a record intake of engineering and finance apprentices in September 2022, including 100% occupancy in the Worcester engineering centre. Although the ongoing loss of income due to a shortage of engineering starts in 2020 will impact results until 2024, the long term forecast reinforces the Association is a viable going concern and start numbers for 2023 and beyond are expected to remain at 2022 levels. Apprenticeship funding bands are not expected to increase to any significant extent, therefore strategic measures are being considered that maintain high quality programmes to meet the needs of employers while operating as effectively as possible.

The leadership team is taking a strategic approach to planning and are providing effective leadership to ensure the long-term security of the Association.

At the year end the organisation 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.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

1. ACCOUNTING POLICIES - continued

Expenditure

Creditors and provisions

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

Tangible fixed assets

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

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

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

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

Assets under construction are not depreciated until brought into use.

Investment property

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

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

Taxation

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

Fund accounting

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

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

Pension costs and other post-retirement benefits

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

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.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

1. ACCOUNTING POLICIES - continued

Financial instruments

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

	Unrestricted funds £	Restricted funds £	31.7.22 Total funds £	31.7.21 Total funds £
Rents received	88,292	-	88,292	88,679
Investment income	2,854	-	2,854	1,939
One-off investment income	-	-	-	166,652
	<u>91,146</u>	<u>-</u>	<u>91,146</u>	<u>257,270</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.7.22 £	31.7.21 £
Government funds	Provision of training	2,666,658	2,354,131
Employers contributions and other course income	Provision of training	513,921	453,592
Room hire	Provision of training	2,225	3,166
Grants - CJRS	Provision of training	-	26,480
Other income	Provision of training	-	1,650
		<u>3,182,804</u>	<u>2,839,019</u>

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

	31.7.22 £	31.7.21 £
Covid Job Retention Scheme	<u>-</u>	<u>26,480</u>

4. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds £	Restricted funds £	31.7.22 Total funds £	31.7.21 Total funds £
Interest payable and similar charges	<u>3,542</u>	<u>-</u>	<u>3,542</u>	<u>2,984</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

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):

	31.7.22	31.7.21
	£	£
Depreciation - owned assets	67,568	78,528
Surplus on disposal of fixed assets	(4,855)	-
Auditors' fees - statutory audit	7,134	7,134
Operating lease payments	<u>30,091</u>	<u>32,980</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 July 2022 nor for the year ended 31 July 2021.

Trustees' expenses

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

8. STAFF COSTS

	31.7.22	31.7.21
	£	£
Wages and salaries	1,487,804	1,362,082
Social security costs	156,438	143,975
Other pension costs	<u>74,470</u>	<u>74,138</u>
	<u>1,718,712</u>	<u>1,580,195</u>

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

	31.7.22	31.7.21
Key management	5	5
Training	34	31
Administration	<u>10</u>	<u>9</u>
	<u>49</u>	<u>45</u>

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

	31.7.22	31.7.21
£70,001 - £80,000	<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 £279,396 (2021: £303,337)

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Designated fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Charitable activities				
Provision of training	2,839,019	-	-	2,839,019
Investment income	<u>257,270</u>	<u>-</u>	<u>-</u>	<u>257,270</u>
Total	<u>3,096,289</u>	<u>-</u>	<u>-</u>	<u>3,096,289</u>
EXPENDITURE ON				
Raising funds				
Investment management costs	<u>2,984</u>	<u>-</u>	<u>-</u>	<u>2,984</u>
	2,984	-	-	2,984
Charitable activities				
Provision of training	<u>2,689,674</u>	<u>-</u>	<u>-</u>	<u>2,689,674</u>
Total	<u>2,692,658</u>	<u>-</u>	<u>-</u>	<u>2,692,658</u>
NET INCOME	403,631	-	-	403,631
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>3,476,124</u>	<u>-</u>	<u>-</u>	<u>3,476,124</u>
TOTAL FUNDS CARRIED FORWARD	<u>3,879,755</u>	<u>-</u>	<u>-</u>	<u>3,879,755</u>

The designated fund is held for future dilapidation costs.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

10. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 August 2021	3,740,656	326,821	402,687
Additions	-	-	40,788
Disposals	-	-	(43,675)
At 31 July 2022	<u>3,740,656</u>	<u>326,821</u>	<u>399,800</u>
DEPRECIATION			
At 1 August 2021	-	160,794	306,895
Charge for year	-	32,682	24,084
Eliminated on disposal	-	-	(37,030)
At 31 July 2022	<u>-</u>	<u>193,476</u>	<u>293,949</u>
NET BOOK VALUE			
At 31 July 2022	<u>3,740,656</u>	<u>133,345</u>	<u>105,851</u>
At 31 July 2021	<u>3,740,656</u>	<u>166,027</u>	<u>95,792</u>

	Fixtures and fittings £	Hardware & Software £	IT & Infrastructure £	Totals £
COST				
At 1 August 2021	34,001	64,045	33,766	4,601,976
Additions	-	14,400	-	55,188
Disposals	-	-	-	(43,675)
At 31 July 2022	<u>34,001</u>	<u>78,445</u>	<u>33,766</u>	<u>4,613,489</u>
DEPRECIATION				
At 1 August 2021	34,001	58,043	33,766	593,499
Charge for year	-	10,802	-	67,568
Eliminated on disposal	-	-	-	(37,030)
At 31 July 2022	<u>34,001</u>	<u>68,845</u>	<u>33,766</u>	<u>624,037</u>
NET BOOK VALUE				
At 31 July 2022	<u>-</u>	<u>9,600</u>	<u>-</u>	<u>3,989,452</u>
At 31 July 2021	<u>-</u>	<u>6,002</u>	<u>-</u>	<u>4,008,477</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

11. INVESTMENT PROPERTY

£

FAIR VALUE

At 1 August 2021
and 31 July 2022

845,000

NET BOOK VALUE

At 31 July 2022

845,000

At 31 July 2021

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

	31.7.22	31.7.21
	£	£
Trade and other debtors	532,479	388,290
Prepayments and accrued income	<u>45,099</u>	<u>43,986</u>
	<u>577,578</u>	<u>432,276</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.22	31.7.21
	£	£
Bank loans and overdrafts (see note 15)	135,483	139,059
Trade and other creditors	105,219	186,361
Social security and other taxes	61,105	44,189
Accruals and deferred income	<u>31,383</u>	<u>47,757</u>
	<u>333,190</u>	<u>417,366</u>

	2022	2021
	£	£
Deferred Income at 1 August 2021	3,763	16,608
Released from previous years	(3,763)	(16,608)
Resources deferred in the year	<u>3,763</u>	<u>3,763</u>
Deferred Income at 31 July 2022	<u>3,763</u>	<u>3,763</u>

At the balance sheet date the Association was holding funds received in advance in relation to rental income.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

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

	31.7.22	31.7.21
	£	£
Bank loans (see note 15)	<u>2,152,446</u>	<u>2,269,796</u>

15. LOANS

An analysis of the maturity of loans is given below:

	31.7.22	31.7.21
	£	£
Amounts falling due within one year on demand:		
Bank loans	93,816	97,392
Coronavirus Business Interruption Loan	<u>41,667</u>	<u>41,667</u>
	<u>135,483</u>	<u>139,059</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	93,816	97,392
Coronavirus Business Interruption Loan	<u>41,667</u>	<u>50,000</u>
	<u>135,483</u>	<u>147,392</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	281,449	292,176
Coronavirus Business Interruption Loan	<u>125,000</u>	<u>158,333</u>
	<u>406,449</u>	<u>450,509</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	1,610,514	1,671,895

16. LEASING AGREEMENTS

At 31 July 2022 the total future minimum lease payments under non-cancellable operating leases were:

Other operating leases		
	31.7.22	31.7.21
	£	£
Expiring:		
Within one year	14,470	24,672
Between one and five years	<u>30,861</u>	<u>30,336</u>
	<u>48,331</u>	<u>55,008</u>

At 31 July 2022 the total future minimum lease receipts under non-cancellable operating leases were:

Land and Buildings		
	31.7.22	31.7.21
	£	£
Expiring:		
Within one year	58,328	47,392
Between one and five years	-	-
	<u>58,328</u>	<u>47,392</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2022

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.7.22 £	31.7.21 £
Bank loans	<u>2,287,929</u>	<u>2,408,855</u>

The secured bank loans are secured at 31 July 2022 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 1.8.21 £	Net movement in funds £	At 31.7.22 £
Unrestricted funds			
General fund	3,879,755	(16,841)	3,862,914
	<u>3,879,755</u>	<u>(16,841)</u>	<u>3,862,914</u>
TOTAL FUNDS	<u>3,879,755</u>	<u>(16,841)</u>	<u>3,862,914</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,278,805	(3,295,646)	(16,841)
	<u>3,278,805</u>	<u>(3,295,646)</u>	<u>(16,841)</u>
TOTAL FUNDS	<u>3,278,805</u>	<u>(3,295,646)</u>	<u>(16,841)</u>

Comparatives for 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
	<u>3,476,124</u>	<u>403,631</u>	<u>3,879,755</u>
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 2022

18. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,096,289	(2,692,658)	403,631
TOTAL FUNDS	<u>3,096,289</u>	<u>(2,692,658)</u>	<u>403,631</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.8.20 £	Net movement in funds £	At 31.7.22 £
Unrestricted funds			
General fund	3,476,124	386,790	3,862,914
TOTAL FUNDS	<u>3,476,124</u>	<u>386,790</u>	<u>3,862,914</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	6,375,094	(5,988,304)	386,790
TOTAL FUNDS	<u>6,375,094</u>	<u>(5,988,304)</u>	<u>386,790</u>

19. EMPLOYEE BENEFIT OBLIGATIONS

During the period the charitable company incurred pension costs of £74,470 (2021: £74,138). There was an amount of £19,792 outstanding at the year end (2021: £8,890).

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. POST BALANCE SHEET EVENTS

The Association has explored options for a full refurbishment of the Holmer Road site, or potential to relocate to a new purpose built centre. The trustees have determined the long term future of the Hereford operation would be best facilitated by vacating the aging Holmer Road premises and constructing a new training centre. A potential site has been identified and negotiations are underway for the sale of the Holmer Road site. The Association has committed to approximately £90,000 expenditure, commissioning a full design and instructing a legal team to support the project.

22. 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 2022

	31.7.22 £	31.7.21 £
INCOME AND ENDOWMENTS		
Investment income		
Rents received	88,292	88,679
Investment income	2,854	1,939
One-off investment income	-	166,652
	<u>91,146</u>	<u>257,270</u>
Charitable activities		
Government funds	2,666,658	2,354,131
Employers contributions and other course income	513,921	453,592
Room hire	2,225	3,166
Grants - CJRS	-	26,480
Other income	-	1,650
	<u>3,182,804</u>	<u>2,839,019</u>
Other income		
Gain on sale of tangible fixed assets	4,855	-
Total incoming resources	<u>3,278,805</u>	<u>3,096,289</u>
EXPENDITURE		
Investment management costs		
Bank loan interest	3,542	2,984
Charitable activities		
Staff salaries	1,487,804	1,362,082
Social security	156,438	143,975
Pensions	74,470	74,138
Training and courses	701,186	533,375
Development and acquisition expenditure	16,320	7,458
Premises costs	417,409	186,780
Office Costs	328,375	270,875
Improvements to property	32,682	37,260
Depreciation plant & machinery	24,086	15,017
Fixtures and fittings	-	4,905
Depn of hardware & software	10,800	21,346
Bank loan interest	42,534	32,463
	<u>3,292,104</u>	<u>2,689,674</u>
Total resources expended	<u>3,295,646</u>	<u>2,692,658</u>
Net (expenditure)/income	<u>(16,841)</u>	<u>403,631</u>

This page does not form part of the statutory financial statements