

Report of the Trustees and

Financial Statements

for the Year Ended 31 July 2024

for

Herefordshire and Worcestershire Group

Training Association Limited

(by guarantee)

Thorne Widgey 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 2024

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TRUSTEES

D Goldsmith
S Green
D J Hunt
D M Wood
A Hall
Mrs S K Bourn (appointed 29.11.23)
A E Pitt (appointed 25.9.24)
S Smith (appointed 25.9.24)

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

N Morgan	Chief Executive
J Jones	Head of Organisational Development
A Jones	Head of Engineering
V Smith	Head of Commerce
R J Griffiths	Finance Manager

Report of the Trustees
for the Year Ended 31 July 2024

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the period 1 August 2023 to 31 July 2024. 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 (inc Electrical)
First Aid (inc Mental Health FA)
Health & Safety
IT
Leadership & Management
Skills Bootcamps
Teaching & Trainer qualifications

Report of the Trustees
for the Year Ended 31 July 2024

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

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

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.

Autumn 2023 recruitment was ahead of budgets, with the cohort peaking at 686 learners in September. Ongoing recruitment to commerce and management programmes being consistent throughout the year. A priority for the Association is to increase participation of under represented groups, such as females into engineering, in future cohorts to meet and exceed national averages.

Demand for commercial training was mixed, with targets met primarily due to two key projects delivering ILM leadership training and engineering NVQ's.

The Association's achievement rates increased in the 2023/24 year. With 218 learners completing, the Association's achievement rate is 78.7%. National data for the same period is not yet published, however we anticipate remaining significantly higher than the national average and among the best of equivalent providers. 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		
	2021/22	2022/23	2023/24
Leavers	269	296	277
Achieved	201	226	218
Achievement Rate	74.7%	76.4%	78.7%

Fundraising activities

The Association does not carry out any significant fundraising activities.

Report of the Trustees
for the Year Ended 31 July 2024

FINANCIAL REVIEW

Financial position

The results for the year are set out in this document.

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.

Increased engineering cohorts as the lower engineering intakes in 2020 and 2021 complete, combined with consistent commerce and management starts have supported growth. Ongoing cost increases, combined with stagnant apprenticeship funding continue to present a considerable challenge to generating a surplus. The Association continues to contribute to networks such as GTA England, Trailblazer groups and funding reviews to influence funding policy and ensure a sustainable future.

Year-on-year revenue increased by 15.7%, supported by growth in apprentice numbers, uplifts to some apprentice funding and an increase in commercial activity. The Association benefited from the Local Skills Improvement Fund (LSIF) project, receiving grant and revenue funding to enhance engineering provision. This resulted in a year end surplus of £145,849, significantly ahead of budget.

The 2024-2025 year has started with a successive record intake on the engineering programmes, supported by commerce and management programmes ahead of budget.

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 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 £550k. The level of Reserves may be increased up to a maximum level of 100% of turnover, reflecting the anticipated costs of future projects such as the purchase of 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 2024

FUTURE PLANS

The Association plans to continue the work in line with the principal activities of the company. The 2023-26 strategic plan continued to be implemented during the year under the following themes:

- " Sustainability
- " Influence & Engagement
- " Quality & Improvement
- " Provision
- " People & Facilities

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.

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.

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.

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.

Report of the Trustees
for the Year Ended 31 July 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 on25.12.25..... and signed on its behalf by:


.....
D Goldsmith - 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 2024 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 2024 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:4/3/25.....

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 2024

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	31.7.24 Total funds £	31.7.23 Total funds £
INCOME AND ENDOWMENTS						
FROM						
Charitable activities	3					
Provision of training		3,971,358	-	-	3,971,358	3,388,444
Investment income	2	61,373	-	-	61,373	99,439
Other income		1,250	-	-	1,250	-
Total		4,033,981	-	-	4,033,981	3,487,883
EXPENDITURE ON						
Raising funds						
Investment management costs	4	12,591	-	-	12,591	8,877
		12,591	-	-	12,591	8,877
Charitable activities	5					
Provision of training		3,875,541	-	-	3,875,541	3,621,512
Total		3,888,132	-	-	3,888,132	3,630,389
NET INCOME/(EXPENDITURE)		145,849	-	-	145,849	(142,506)
RECONCILIATION OF FUNDS						
Total funds brought forward		3,720,408	-	-	3,720,408	3,862,914
TOTAL FUNDS CARRIED FORWARD		3,866,257	-	-	3,866,257	3,720,408

The notes form part of these financial statements

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

Balance Sheet
 31 July 2024

	Notes	Unrestricted fund £	Designated fund £	Restricted fund £	31.7.24 Total funds £	31.7.23 Total funds £
FIXED ASSETS						
Tangible assets	10	3,911,610	-	-	3,911,610	3,973,776
Investment property	11	845,000	-	-	845,000	845,000
		<u>4,756,610</u>	<u>-</u>	<u>-</u>	<u>4,756,610</u>	<u>4,818,776</u>
CURRENT ASSETS						
Debtors	12	495,183	-	-	495,183	509,136
Cash at bank		851,495	-	-	851,495	810,738
		<u>1,346,678</u>	<u>-</u>	<u>-</u>	<u>1,346,678</u>	<u>1,319,874</u>
CREDITORS						
Amounts falling due within one year	13	(278,661)	-	-	(278,661)	(376,058)
		<u>1,068,017</u>	<u>-</u>	<u>-</u>	<u>1,068,017</u>	<u>943,816</u>
NET CURRENT ASSETS						
		<u>1,068,017</u>	<u>-</u>	<u>-</u>	<u>1,068,017</u>	<u>943,816</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,824,627</u>	<u>-</u>	<u>-</u>	<u>5,824,627</u>	<u>5,762,592</u>
CREDITORS						
Amounts falling due after more than one year	14	(1,958,370)	-	-	(1,958,370)	(2,042,184)
		<u>3,866,257</u>	<u>-</u>	<u>-</u>	<u>3,866,257</u>	<u>3,720,408</u>
NET ASSETS						
		<u>3,866,257</u>	<u>-</u>	<u>-</u>	<u>3,866,257</u>	<u>3,720,408</u>
FUNDS	18					
Unrestricted funds:						
General fund					3,866,257	3,720,408
TOTAL FUNDS					<u>3,866,257</u>	<u>3,720,408</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 25/2/25 and were signed on its behalf by:



S Green - Trustee

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 2024

	Notes	31.7.24 £	31.7.23 £
Cash flows from operating activities			
Cash generated from operations	1	265,983	127,817
Interest paid		(138,519)	(102,955)
Rental income		(38,830)	(84,883)
Net cash provided by/ (used in) operating activities		88,634	(60,021)
Cash flows from investing activities			
Purchase of tangible fixed assets		(11,880)	(54,415)
Sale of tangible fixed assets		1,250	-
Interest received		22,543	14,556
Rental income		38,830	84,883
Net cash provided by investing activities		50,743	45,024
Cash flows from financing activities			
Loan repayments in year		(98,620)	(110,785)
Net cash used in financing activities		(98,620)	(110,785)
Change in cash and cash equivalents in the reporting period		40,757	(125,782)
Cash and cash equivalents at the beginning of the reporting period		810,738	936,520
Cash and cash equivalents at the end of the reporting period		851,495	810,738

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 July 2024

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

	31.7.24 £	31.7.23 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	145,849	(142,506)
Adjustments for:		
Depreciation charges	74,045	70,091
Profit on disposal of fixed assets	(1,250)	-
Interest received	(22,543)	(14,556)
Interest paid	138,519	102,955
Decrease in debtors	13,953	68,442
(Decrease)/increase in creditors	(82,590)	43,391
Net cash provided by operations	<u>265,983</u>	<u>127,817</u>

2. ANALYSIS OF CHANGES IN NET DEBT

	At 1.8.23 £	Cash flow £	At 31.7.24 £
Net cash			
Cash at bank	810,738	40,757	851,495
	<u>810,738</u>	<u>40,757</u>	<u>851,495</u>
Debt			
Debts falling due within 1 year	(134,960)	14,807	(120,153)
Debts falling due after 1 year	(2,042,184)	83,814	(1,958,370)
	<u>(2,177,144)</u>	<u>98,621</u>	<u>(2,078,523)</u>
Total	<u>(1,366,406)</u>	<u>139,378</u>	<u>(1,227,028)</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Going Concern

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 Association has strong demand for apprenticeships, with vacancies remaining high and record numbers of apprentices on programme, including 100% occupancy in the Worcester engineering centre for the last several successive years. Although the ongoing loss of income due to a shortage of engineering learners starting in 20/21 and 21/22 will impact results until FY 2024/25, the long-term forecast reinforces the Association is a viable going concern. Start numbers in the second half of 2023 were ahead of budget, while starts for 2024 and beyond are expected to remain strong.

Apprenticeship funding bands are not increased unless the specific standard is revised, squeezing margins due to significant cost inflation since funding bands were set in 2017. A key initiative to overcome this is ensuring HWGTA participates in trailblazer groups and standards revisions. This ensures the standards and assessment methods remain fit for purpose (to meet our employers needs), including providing evidence of delivery costs to influence funding changes. To date this has contributed to funding increases on two standards the Association delivers ensuring the programmes remain viable.

The Board and leadership team continue with a strategic approach to planning and are providing effective leadership to ensure the long-term security of the Association to ensure the Association remains a going concern in the coming years.

At the year end Free Reserves increased from £943,816 to £1,068,017, the majority of which is held in the form of cash at bank. However, taking into account the long term liability (bank loan) the balance has still increased but from (£1,098,368) to (£890,353). 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 2024

1. ACCOUNTING POLICIES - continued

Expenditure

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

Creditors and provisions

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

Tangible fixed assets

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

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

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

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

Assets under construction are not depreciated until brought into use.

Investment property

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

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

Taxation

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

Fund accounting

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

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

Pension costs and other post-retirement benefits

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

Notes to the Financial Statements - continued
for the Year Ended 31 July 2024

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

	Unrestricted funds	Restricted funds	31.7.24 Total funds	31.7.23 Total funds
	£	£	£	£
Rents received	38,830	-	38,830	84,883
Investment income	22,543	-	22,543	14,556
	<u>61,373</u>	<u>-</u>	<u>61,373</u>	<u>99,439</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31.7.24 £	31.7.23 £
Government funds	Provision of training	3,003,613	2,759,945
Employers contributions and other course income	Provision of training	957,714	625,951
Room hire	Provision of training	7,073	2,548
Other income	Provision of training	2,958	-
		<u>3,971,358</u>	<u>3,388,444</u>

4. INVESTMENT MANAGEMENT COSTS

	Unrestricted funds	Restricted funds	31.7.24 Total funds	31.7.23 Total funds
	£	£	£	£
Interest payable and similar charges	<u>12,591</u>	<u>-</u>	<u>12,591</u>	<u>8,877</u>

Notes to the Financial Statements - continued
for the Year Ended 31 July 2024

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):

	31.7.24	31.7.23
	£	£
Depreciation - owned assets	74,046	70,091
Surplus on disposal of fixed assets	(1,250)	-
Auditors' fees - statutory audit	8,416	6,924
Operating lease payments	33,483	25,731

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 July 2024 nor for the year ended 31 July 2023.

8. STAFF COSTS

	31.7.24	31.7.23
	£	£
Wages and salaries	1,995,002	1,904,934
Social security costs	201,892	194,035
Other pension costs	94,476	80,558
	<u>2,291,370</u>	<u>2,179,527</u>

Due to the government change in legislation for contractors and following IR35 rules, staff salaries this year include associate costs which would previously been included in training and course expenditure.

Included within staff salaries for 2023/24 is £Nil (2022/23: £11,747) relating to a termination payment paid as compensation for termination of employment.

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

	31.7.24	31.7.23
Key management	5	5
Training	37	37
Administration	13	11
Associates	3	5
	<u>58</u>	<u>58</u>

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

	31.7.24	31.7.23
£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 £294,951 (2023: £295,884).

Notes to the Financial Statements - continued
for the Year Ended 31 July 2024

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	3,388,444	-	-	3,388,444
Investment income	99,439	-	-	99,439
Total	3,487,883	-	-	3,487,883
EXPENDITURE ON				
Raising funds				
Investment management costs	8,877	-	-	8,877
	8,877	-	-	8,877
Charitable activities				
Provision of training	3,621,512	-	-	3,621,512
Total	3,630,389	-	-	3,630,389
NET INCOME/(EXPENDITURE)	(142,506)	-	-	(142,506)
RECONCILIATION OF FUNDS				
Total funds brought forward	3,862,914	-	-	3,862,914
TOTAL FUNDS CARRIED FORWARD	3,720,408	-	-	3,720,408

The designated fund is held for future dilapidation costs.

Notes to the Financial Statements - continued
for the Year Ended 31 July 2024

10. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 August 2023	3,740,656	326,821	447,044
Additions	-	-	-
At 31 July 2024	3,740,656	326,821	447,044
DEPRECIATION			
At 1 August 2023	-	226,164	324,162
Charge for year	-	32,682	30,213
At 31 July 2024	-	258,846	354,375
NET BOOK VALUE			
At 31 July 2024	3,740,656	67,975	92,669
At 31 July 2023	3,740,656	100,657	122,882

	Fixtures and fittings £	Hardware & Software £	IT & Infrastructure £	Totals £
COST				
At 1 August 2023	34,001	85,616	33,766	4,667,904
Additions	-	11,880	-	11,880
At 31 July 2024	34,001	97,496	33,766	4,679,784
DEPRECIATION				
At 1 August 2023	34,001	76,035	33,766	694,128
Charge for year	-	11,151	-	74,046
At 31 July 2024	34,001	87,186	33,766	768,174
NET BOOK VALUE				
At 31 July 2024	-	10,310	-	3,911,610
At 31 July 2023	-	9,581	-	3,973,776

Notes to the Financial Statements - continued
for the Year Ended 31 July 2024

11. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 August 2023	
and 31 July 2024	845,000
NET BOOK VALUE	
At 31 July 2024	845,000
At 31 July 2023	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

	31.7.24 £	31.7.23 £
Trade and other debtors	397,627	455,591
Prepayments and accrued income	97,556	53,545
	<u>495,183</u>	<u>509,136</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.24 £	31.7.23 £
Bank loans and overdrafts (see note 15)	120,153	134,960
Trade and other creditors	92,178	153,474
Social security and other taxes	58,871	61,322
Accruals and deferred income	7,459	26,302
	<u>278,661</u>	<u>376,058</u>

	2024 £	2023 £
Deferred Income at 1 August 2023	16,235	3,763
Released from previous years	(16,235)	(3,763)
Resources deferred in the year	-	16,235
Deferred Income at 31 July 2024	<u>-</u>	<u>16,235</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 2024

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

	31.7.24	31.7.23
	£	£
Bank loans (see note 15)	1,958,370	2,042,184

15. LOANS

An analysis of the maturity of loans is given below:

	31.7.24	31.7.23
	£	£
Amounts falling due within one year on demand:		
Bank loans	93,070	95,377
Coronavirus Business Interruption Loan	27,083	39,583
	120,153	134,960
Amounts falling between one and two years:		
Bank loans - 1-2 years	93,070	95,377
Coronavirus Business Interruption Loan	27,083	39,583
	120,153	134,960
Amounts falling due between two and five years:		
Bank loans - 2-5 years	279,211	286,131
Coronavirus Business Interruption Loan	54,167	79,167
	333,378	365,298
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans more 5 yr by instal	1,504,839	1,541,926

16. LEASING AGREEMENTS

At 31 July 2024 the total future minimum lease payments under non-cancellable operating leases were:

Other operating leases		
	31.7.24	31.7.23
Expiring:	£	£
Within one year	35,156	24,159
Between one and five years	58,258	41,480
	93,414	65,640

At 31 July 2024 the total future minimum lease receipts under non-cancellable operating leases were:

Land and Buildings		
	31.7.24	31.7.23
Expiring:	£	£
Within one year	38,795	84,883
Between one and five years	-	-
	38,795	84,883

Notes to the Financial Statements - continued
for the Year Ended 31 July 2024

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.7.24 £	31.7.23 £
Bank loans	2,078,523	2,177,144

The secured bank loans are secured at 31 July 2024 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 1.8.23 £	Net movement in funds £	At 31.7.24 £
Unrestricted funds			
General fund	3,720,408	145,849	3,866,257
TOTAL FUNDS	3,720,408	145,849	3,866,257

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	4,033,981	(3,888,132)	145,849
TOTAL FUNDS	4,033,981	(3,888,132)	145,849

Comparatives for movement in funds

	At 1.8.22 £	Net movement in funds £	At 31.7.23 £
Unrestricted funds			
General fund	3,862,914	(142,506)	3,720,408
TOTAL FUNDS	3,862,914	(142,506)	3,720,408

Notes to the Financial Statements - continued
for the Year Ended 31 July 2024

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	3,487,883	(3,630,389)	(142,506)
TOTAL FUNDS	3,487,883	(3,630,389)	(142,506)

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

	At 1.8.22 £	Net movement in funds £	At 31.7.24 £
Unrestricted funds			
General fund	3,862,914	3,343	3,866,257
TOTAL FUNDS	3,862,914	3,343	3,866,257

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	7,521,864	(7,518,521)	3,343
TOTAL FUNDS	7,521,864	(7,518,521)	3,343

19. EMPLOYEE BENEFIT OBLIGATIONS

During the period the charitable company incurred pension costs of £83,405 (2023: £80,558). There was an amount of £12,316 outstanding at the year end (2023: £12,232).

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

It remains a strategic aim of the Association to relocate the Hereford Training centre to a new purpose-built facility, with a location in the counties main employment zone, Skylon Park, being identified as the preferred option. Potential options to realise the project are in progress with a decision on the project expected during the 2024-25 financial year.

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 2024

	31.7.24 £	31.7.23 £
INCOME AND ENDOWMENTS		
Investment income		
Rents received	38,830	84,883
Investment income	22,543	14,556
	<hr/> 61,373	<hr/> 99,439
Charitable activities		
Government funds	3,003,613	2,759,945
Employers contributions and other course income	957,714	625,951
Room hire	7,073	2,548
Other income	2,958	-
	<hr/> 3,971,358	<hr/> 3,388,444
Other income		
Gain on sale of tangible fixed assets	1,250	-
	<hr/> 4,033,981	<hr/> 3,487,883
EXPENDITURE		
Investment management costs		
Bank loan interest	12,591	8,877
Charitable activities		
Staff salaries	1,995,002	1,904,934
Social security	201,892	194,035
Pensions	94,476	80,558
Training and courses	821,592	642,851
Development and acquisition expenditure	31,703	16,692
Premises costs	211,990	321,772
Office Costs	318,913	296,501
Depreciation of tangible fixed assets	74,045	70,091
Bank loan interest	125,928	94,078
	<hr/> 3,875,541	<hr/> 3,621,512
Total resources expended	<hr/> 3,888,132	<hr/> 3,630,389
Net income/(expenditure)	<hr/> 145,849	<hr/> (142,506)

This page does not form part of the statutory financial statements