

Addysg Oedolion Cymru | Adult Learning Wales

Formerly Known as

WEA YMCA CC Cymru

Report and Financial Statements
for the year ended 31 July 2016

Company number: 3109524

Strategic Report of Governing Body	2
Statement of Corporate Governance and Internal Control	13
Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding	18
Statement of Responsibilities of the Members of the Council of the Organisation	19
Independent Auditors' Report to the Council	21
Reporting Accountant's assurance report on regularity to the Council	23
Statement of Comprehensive Income	24
Statement of Changes in Reserves	25
Balance Sheet as at 31 July 2016	26
Consolidated Statement of Cash Flows	27
Notes to the Accounts and Accounting Policies	28

Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

The Council present their report and the audited financial statements for the year ended 31 July 2016.

1.1 Legal status

Addysg Oedolion Cymru | Adult Learning Wales (AOC/ALW), formerly known as WEA YMCA CC Cymru, is a charity registered in England and Wales (number 1071234) and a company limited by guarantee registered in England and Wales (number 3109524). The Organisation is an exempt charity for the purposes of the Charities Act 2011. The Organisation was formed from a merger of WEA Cymru and YMCA Wales CC on 1st August 2015.

The Articles of Organisation state its object to be 'to promote education, in particular for young people and adults'.

1.2 Purpose

To provide accessible learning opportunities for adults everywhere in Wales to develop as:

- Ambitious, capable learners, ready to learn throughout their lives
- Enterprising creative contributors, ready to play a full part in life and work
- Ethical and informed citizens of Wales and the world
- Healthy and confident individuals, ready to lead fulfilling lives as valued members of society

1.3 Vision, Mission Statement, Values, Behaviours and Core Priorities

Our Vision:

Improve the lives of adults with a focus on the most disadvantaged through the creation of relevant learning opportunities, delivered throughout every community in Wales.

Our Mission:

To provide hope and foster ambition as the lead provider of community learning programmes, enabling all adults to achieve their potential.

Our Values:

- Equality
- Community
- Learning
- Confidence

Our Behaviours:

- Creative and encouraging creativity in our learners
- Compassionate, caring and respectful
- Trusted, through using open and transparent working practices
- Participatory and collective decision making
- Excellence in all we do to inspire our learners to achieve excellence
- Pride in what we do
- Putting the learner at the centre of everything we do

Our Core Priorities:

- Ensure highest standards of quality are achieved and maintained in everything we do
- Provide a clear and varied bilingual curriculum that supports equity, equality and social justice with pathways for progression for all adults wherever they are based in Wales
- Encourage creative and innovative teaching and learning to maximise engagement, progression, confidence and social values
- Be a great place to work as an employer of choice
- Ensure financial sustainability in all our activities

1.4 Policy Context

The Welsh Government's (WG) *Delivering community learning for Wales (2010) policy*, recognised the range and flexibility of Adult Community Learning (ACL) and its potential to meet local learning needs as well as contribute to the wider skills agenda in Wales. The WG vision for ACL focuses on increased participation, improved quality and coherence in delivery.

ACL offers learners opportunities to acquire knowledge and skills through a diverse range of courses including both accredited and non-accredited learning. The courses delivered to adults across Wales aim to fulfil WG's stated purpose for ACL:

- of taking first steps into learning
- providing skills for life and embedding basic skills
- providing skills for independent living and skills for work
- contributing to personal development and wellbeing and
- developing active citizenship

The WG vision for Wales to develop a thriving Welsh language used in everyday life requires opportunities and support for people to both learn the language and learn through the language: ACL also has a role to play in contributing to this strategic aim.

The WG Skills Implementation Plan (2014) acknowledges the fundamental role of Further Education Institutions in improving the quality of adult learning provision that is responsive to the needs of employers.

Educational attainment and growth and jobs are two of the four priorities for Wales set by WG (2015). Progression through learning performs a vital element of this as individuals endeavour to acquire the skills needed to succeed in the workplace. They are also a key component of WG policy aiming to succeed in breaking the link between poverty and attainment. The potential impact delivered by ACL provision also links closely to key goals outlined in the *Wellbeing of Future Generations Act (2015)* including the aims of working together to ensure a more equal and prosperous Wales, a country of cohesive communities and a thriving Welsh Language.

A report commissioned by WG in 2016 presents the findings of a *Review of Adult Community Learning in Wales*. The aim of this review was to provide evidence on the nature and value of ACL in Wales as delivered by Local Authorities and Further Education (FE) Institutions to inform future policy development.

1.5 Governance and Management

The Organisation's governing body, its Council, plays a full part in approving the Strategic Plan and in monitoring its delivery. All members of Council are also members of at least one Committee, each of which has the remit of monitoring a part of the Strategy relating to that Committee. Members of Senior Management Team attend Council and Committee meetings to provide advice and guidance to the volunteer Council members. A skills audit is undertaken annually to assess gaps in skills levels within the Council and Committees, and co-opted members are brought onto some Committees to address these gaps as far as possible.

1.6 Financial objectives

The Organisation's financial objectives are:

- to achieve an annual operating surplus - This was not achieved and is largely due to merger related issues including a significant restructure. The changes in adopting FRS 102 have also had a negative impact on the Organisation's position (see reserves note under 1.8).
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances - this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – due to the merger there was a significant deficit in the year therefore this was not achieved.
- to further improve the Organisation's shorter term liquidity – there was significant outflow of cash within the year which resulted in a decrease in cash balances and short term liquidity levels at year end.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

Meeting the above targets will require the retention of tight staffing levels whilst taking all reasonable opportunities to make efficiency gains. In addition, meeting student growth is imperative in order to ensure the projected income streams.

1.7 Quality controls

The organisation's Self Assessment Report (SAR) measures our performance throughout the year as part of the Quality cycle. The SAR is written in accordance with guidance from the Welsh Government. Judgements are made using the format of the Estyn Common Inspection Framework which focuses on 3 key questions relating to Outcomes, Provision, and Leadership and Management.

Further work is required to ensure that data to inform planning is produced in a timely fashion, is robust and used effectively across the organisation to inform the self assessment process. The SAR is placed on the organisation's intranet and can be accessed by all staff. A Quality Development Plan (QDP) is produced with actions for improvement drawn from the SAR. Monitoring of the QDP is embedded in the Quality Cycle and is reviewed at operational, senior management and governance levels.

New quality assurance processes have been developed and implemented and these will be monitored and reviewed for their effectiveness and impact. Scrutiny of quality control measures is undertaken by the Senior Management Team, through the Quality and Learner Experience Committee and by Council.

The organisation's major plans are the Strategic Plan, the Provision Development Plan, the SAR/QDP and the Risk Register. Council and its Committees scrutinise the actions and targets set within these plans.

1.8 Financial Position

Financial results

The following table summarises performance for 2015/16 against 2014/15:

Note: 15/16 figures are after the adoption of FRS 102.

	2015/16	2014/15
Operating surplus/(deficit)	(£490k)	(£179k)
Current ratio (current assets : current liabilities)	2.2:1	2.74:1
Staff costs as % of income	80%	71%
Welsh Government income as a % of total income	84%	79%
Total reserves	£1.2m	£2.4m
Cash balances	£1.9m	£2.3m

Tangible fixed asset additions during the year amounted to £105k and were split between property improvements at £86k, equipment at £2k, and fixtures and fittings at £17k.

A significant contribution to the deficit was the cost of restructuring at £281k

Treasury policies and objectives

Treasury management is the management of the Organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

This function is absorbed within the finance function and is overseen by the Head of Finance.

There have been no short term borrowings during the year. If the Organisation were to make any short term borrowings for temporary revenue purposes this would be authorised by the Chief Executive and approved by the Finance and General Purposes Committee. Such arrangements are restricted by limits in the Financial Memorandum with the WG. All other borrowing requires the authorisation of Council and shall comply with the requirements of the Financial Memorandum of the WG.

Investments

During the 15/16 year the Organisation developed an investment policy and ethical investment policy to support its investments. At year end the Organisation held £922k within two separate investment funds managed by Brewin Dolphin. These investments are held in line with both the investment policy and the ethical investment policy.

Cash flows and Liquidity

At (£135k) (2014/15 (175k)), operating cash flow has improved on the previous year. As a result there was a decrease in net funds for the year of (£445k) (2014/15 decrease of £447k).

The current ratio which stands at 2.2:1 is down on the previous year (2.74:1) which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves (£387k 15/16, £1,678m 14/15). At 31st July 16 the target (£1.6m) was not met largely due to the actuarial loss of £809k relating to the pension scheme coupled with the deficit for the year. The adoption of FRS 102 required the Organisation to change the method in calculating the defined benefit plan finance costs relating to the pension scheme (see note 37c). The target is in line with Charity Commission guidance and Welsh Government's suggested good practice for Further Education Institutions. All reserves are reported to and reviewed regularly at Finance and General Purposes Committee meetings, and expenditure from reserves is approved by Governors.

Targets have been set for 16/17 which will improve the levels of reserves in the Organisation.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires AOC/ALW, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received.

Supplier terms are set within the accounting system and may range from zero days (for employee/voluntary member expense claims) to 30 days for large suppliers. Where payment is required to be made more frequently e.g. suppliers of utilities etc., terms are set and wherever possible, payment is made within the required time frame.

Where invoices are contested, suppliers are notified immediately and they are settled as soon as possible if monies are owed. When suppliers query non-payment for whatever reason, the situation is investigated immediately and copy invoices requested where required.

Wherever possible the Organisation complies with the Better Payments Practice Code.

Late receipt of authorised invoices into the Finance Department can result in late payment.

Field offices have been reminded of the need to authorise invoices and return them to Central Office for payment as quickly as possible.

During the period 1 August 2015 to 31 July 2016 the Organisation incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

WEA YMCA CC Cymru changed names to Addysg Oedolion Cymru | Adult Learning Wales on 5th November 2016.

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Strategic Plan

The Strategic Plan for 2016-19 contains the purpose of the organisation, its vision, the behaviours by which we operate and our values. The Plan was developed in consultation with staff, trustees, the membership and key stakeholders.

This Strategic Plan covers the period 2016-19 taking the organisation through a period of transition. It identifies the priorities and future direction of the organisation in Wales and reaffirms its mission to provide hope and foster ambition as the lead provider of community learning programmes, enabling all adults to achieve their potential. This plan also recognises that the organisation is unique amongst Further Education and Adult Community Learning providers for its volunteer membership and the importance it places on the negotiation of learning with its learners, its branches, its wide range of partners and the wider community.

The plan identifies four strategic aims.

AIM 1: Be the lead provider of adult learning in Wales

AIM 2: Deliver high quality learning, focused on local, regional and national needs

AIM 3: Build a culture of organisational excellence upon core values and behaviours

AIM 4: Create an effective organisational structure for governance and staff

Underpinning these aims are objectives and targets to develop the organisation and to give staff, volunteers and other stakeholders clear priorities and show how their role will contribute to the organisation's future. The strategic aims map to our other organisational frameworks including finance, curriculum, quality and audit, and to regional, operational and business plans. Key performance indicators (KPIs) are identified to monitor progress of the strategic plan. These will be monitored as part of routine business by Senior Management Team (SMT) and our Committee and Council structure.

The planning process and review for this strategic plan involves discussions with staff, volunteers, learners and Council members. At these meetings the priorities are agreed and then taken forward by a lead member on SMT. These priorities take into account where the organisation is now (through its self assessment processes), how external drivers impact on the organisation, the plan's impact on equality of opportunity, and the overall priority of maintaining the unique identity of the organisation. We recognise that ownership of these strategic aims by all staff is key to driving forward the change management that this plan requires.

2.2 Student numbers

In 2015/16 the Organisation recruited 15,737 learners, 54% female and 46% male. In terms of the ratio of accredited to non-accredited, in 2015/16, 82% of GLCH (Guided Learner Contact Hours) were delivered through accredited courses. *Completion rates are at 97% overall (2% above National Comparators), attainment rates are at 89% (2% below National Comparators) with Successful Completion at 86% (2% below National Comparators). Out of 41 subject sector areas, 6 had attainment rates of 100%.

*Completion includes accredited and non accredited provision

National Comparators (NCs) are 14/15 data and are taken from National Statistics for Wales document SDR 44/2015 (Page 22). NCs for 15/16 are due to be published in May 2017.

2.3 Student achievements

The table below gives the current performance data available for accredited courses, grouped by learning areas.

Subject Sector Area	Subject Sector Area Description	No. of Learner Activities	Learner Guided Contact Hours	Comp %	Attain %	Success %
1.2	Nursing and Subjects and Vocations Allied to Medicine	519	6464	96%	85%	81%
1.3	Health and Social Care	7280	121471	99%	96%	96%
1.4	Public Services	36	540	100%	89%	89%
1.5	Child Development and Wellbeing	134	2772	100%	78%	78%
2.1	Science	236	3460	98%	80%	78%
2.2	Mathematics and Statistics	2	10	100%	100%	100%
3.2	Horticulture and Forestry	324	4771	94%	89%	83%
3.4	Environmental Conservation	44	671	100%	100%	100%
4.2	Manufacturing Technologies	1056	11499	99%	93%	92%
5.1	Architecture	77	1214	100%	100%	100%
5.2	Building and Construction	82	1222	90%	89%	80%
6.1	ICT Practitioners	23	159	100%	43%	43%
6.2	ICT for Users	1848	21453	95%	81%	77%
7.1	Retailing and Wholesaling	266	2903	98%	90%	88%
7.3	Service Enterprise	116	1662	97%	82%	79%
7.4	Hospitality and Catering	1562	14193	98%	87%	86%
8.1	Sport, Leisure and Recreation	82	1230	90%	76%	68%
9.1	Performing Arts	243	20735	89%	85%	75%
9.2	Crafts, Creative Arts and Design	2125	32770	96%	85%	82%
9.3	Media and Communication	78	991	100%	94%	94%
9.4	Publishing and Information Services	23	340	100%	100%	100%
10.1	History	155	2250	91%	68%	62%
10.3	Philosophy	10	80	100%	90%	90%
11	Social Sciences	14	8400	79%	0%	0%
11.2	Sociology and Social Policy	162	1496	97%	82%	80%
11.3	Politics	17	205	100%	76%	76%
12	Languages, Literature and Culture	199	2904	96%	89%	86%
12.1	Languages, Literature and Culture of the British Isles	341	4238	96%	91%	87%
12.2	Other Languages, Literature and Culture	60	1554	93%	68%	63%
13.1	Teaching and Lecturing	411	14364	98%	81%	80%
13.2	Direct Learning Support	65	1357	97%	79%	77%
14.1	Foundations for Learning and Life	1648	22881	96%	89%	86%
14.1A	Independent Living Skills Moderate	440	5798	98%	92%	90%
14.1C	Adult Basic Education	3000	26129	95%	86%	82%
14.1D	English for Speakers of Other Languages	3531	52108	94%	83%	78%
14.2	Preparation for Work	862	12315	99%	93%	92%
15.1	Accounting and Finance	52	796	100%	100%	100%
15.2	Administration	123	1115	100%	78%	78%
15.3	Business Management	2278	47728	99%	89%	88%
15.4	Marketing and Sales	83	558	100%	96%	96%
15.5	Law and Legal Services	34	506	100%	100%	100%
Total		29641	457312	97%	89%	86%

Achievements for learners on non-accredited courses are more difficult to measure, although the use of individual learning plans allows for 'distance travelled' to be evidenced.

2.4 Student Profile

The most popular courses are Adult Basic Education; Health & Social Care; Trade Union Studies (categorised as Business Management); English for Speakers of Other Languages (ESOL); Crafts, Creative Arts and Design; and Information and Communication Technology (ICT) for Users.

We have continued our work with asylum seekers and with ethnic minority groups. 8.8% of our learners in 2015/16 were from minority ethnic communities. We continue to target the most disadvantaged areas and 54.2% of our learners live in areas of deprivation. The majority of our learners are female at 55% in 15/16 which compares to 54% in the 14/15 academic year; and 76.5% of our learners are aged between 20 and 60.

2.5 Curriculum developments

Provision for 2015/16 was an aggregate of workplace / trade union studies, regional and national curricula administered from the organisation's six regional offices, three outreach offices and the Coleg Harlech site. For Welsh Government and Estyn purposes, all learning came under Adult Community Learning. A significant proportion of learning focused on employability and accessing language skills with elements of this being supported through project funding, particularly through the Dyfodol and ELR programmes. The provision continued to target adult learners with high barriers to entry, particularly from Community First areas and those with the lowest skills levels, whilst retaining support and provision for all utilising the Organisation's branch structure, regional fora, strong local partnerships and networks. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers. Some of this was supported through the Wales Union Learning Fund (WULF). Full cost recovery / income generation either through delivery or accreditation services remained a focus and was increased.

Negotiation with learners and partners was on-going throughout the year with a majority of provision delivered utilising a partnership approach, enabling learners from the hardest to reach communities in Wales to be engaged whilst offering a quality focused, cost effective service. The range of provision and levels continued to be broad spanning all levels from pre-entry to level 3. On-line learning continued via delivery of learndirect courses in communities with an increasing focus on the role of partners in supporting provision delivery, with a new emphasis on using the flexibility of these courses to support people in work as well as the usual employability and essential skills agenda.

AOC/ALW continues to offer a broad range of provision, consistent with Welsh Government policy drivers with a growing emphasis on essential skills, ESOL and employability skills. Non Welsh Government provision targets were introduced to underline the principle of co-investment as well as more closely aligning delivery of provision with the ACL policy priorities. Courses are both accredited and non-accredited and include enrichment activities to broaden the learning experience – for example day schools, lectures, trips to the Senedd and various residential courses as well as inclusion of a wide range of "tasters". We have consolidated our position on local and regional planning and learning partnerships and proudly celebrated the success of a learners at the Learning and Work Institute's Inspire awards this year.

2.6 Future developments

We now find ourselves in a landscape that is characterised by economic recession, constraints on public spending and uncertainty about future funding. This means that there is additional pressure on our resources. The labour market is changing fast in Wales and there is a need for people to learn new skills, particularly those associated with digital technologies. The changing economic context presents a number of significant challenges for Wales, and for adult learning in particular. Of the 2 million adults living in Wales, 100,000 are unemployed, 200,000 have no qualifications, and 700,000 are living in poverty. The UKCES (2013) Employer Skills Survey predicts 600,000 skills gaps in the Welsh labour market by 2022 with only 300,000 leaving school and college to meet these skills gaps. In addition to the problems associated with an ageing population, rapid advances in technology and changing employment patterns, the private sector is experiencing a slow economic recovery. Set within this challenging economic environment, there is an increased need for more cost effective and more innovative ways of working with reduced budget availability.

The organisation is well placed to build on the legacy of its founding organisations and will promote a broad liberal education which improves social justice and community engagement, alongside offering highly focused education and training services for employability, enterprise and skills development.

The organisation is confident in its capacity and capability to respond effectively to these challenges.

3. RESOURCES

The Organisation has limited resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the Coleg Harlech campus, Bryn Menai in Bangor, and both the Cleeve House and Coopers Yard sites in Cardiff.

3.1 Financial

The Organisation has net assets of £1.2m with no long term loans.

3.2 Staffing

During the academic year 15/16 there were 230 hourly paid teaching staff. As at 31 July 2016, there were 84 full time and 34 part time core staff.

A Workforce Development Plan, based on the training needs recognised by the organisation and individuals, is implemented on an annual basis.

Professional Development Reviews for tutors take place on an annual basis, with the purpose of monitoring tutor performance, providing support and identifying and fulfilling training and development needs. Appraisals for core staff continue to take place on an annual basis.

4. PRINCIPAL RISKS AND UNCERTAINTIES:

AOC/ALW has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect AOC/ALW's assets and reputation.

Based on the strategic plan, Risk Management is a standing point on the agenda for Senior Management Team meetings. The Senior Management Team undertakes a comprehensive review of the risks to which the Organisation is exposed which are documented in a risk register with clear plans of action. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Organisation. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Senior Management Team also considers any risks which may arise as a result of a new area of work being undertaken by the Organisation.

A risk register is maintained and is reviewed on a termly basis by the Audit and Corporate Governance Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Organisation and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect AOC/ALW along with mitigating actions. Not all the factors are within the Organisation's control: other factors besides those listed below may also adversely affect it.

4.1 Government funding

The Organisation has considerable reliance on continued government funding through the Welsh Assembly with levels of funding due to increase by 1.9% for 2016/17.

This risk is mitigated in a number of ways:

- The Organisation has undertaken a significant restructure in order to control costs.
- The Organisation continues to expand delivery that has a range of course fee recovery options associated with it.

- The Organisation has developed a more commercial focus in relation to delivering training for business. The Organisation has a designated work place learning team whose focus is the business sector.
- The Organisation continues to increase the use of full cost recovery throughout main stream provision.
- By ensuring the Organisation is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- Ensuring the Organisation is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the Welsh Government and other key funders.
- Preparation of funding bids from sources other than Welsh Government.
- Discussions with other providers to develop joint bids to contract for the delivery of services in Wales and UK-wide.

4.2 Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the Organisation's balance sheet in line with the requirements of FRS 102. Regular dialogue takes place with the pension providers to ensure employer contributions are sufficient to reduce the deficit on the fund but at the same time are not excessive.

4.3 IT Infrastructure

The Organisation recognises the risks it faces regarding the IT infrastructure that is currently in place. Throughout the year the IT team have been monitoring and reviewing the current system to ensure the risk of system failure is managed. Contingency plans have been developed and implemented to mitigate the risk of system failure.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- | | |
|---|---|
| ▪ Learners | ▪ Welsh Government |
| ▪ Funders | ▪ Staff |
| ▪ Branches | ▪ Other FE institutions |
| ▪ Members | ▪ Trades unions |
| ▪ Volunteers | ▪ Accrediting bodies |
| ▪ The local community | ▪ HE Institutions |
| ▪ Local employers (with specific links) | ▪ Other Third Sector organisations and partners |
| ▪ Local Authorities | |
| ▪ ACL Partnerships, regional and local | |

The Organisation recognises the importance of these relationships and engages in regular communication and collaboration with stakeholders.

5.1 Equal opportunities and employment of disabled persons

The Organisation recognises that discrimination, prejudice and disadvantage exist in society, and that groups and individuals have been treated unfairly for reasons including gender, ethnic origin, race, nationality, disability status, marital or family status, sexual orientation, age and religion. We are committed to making our contribution to help eliminate this by working positively to promote a more inclusive society. It is our aim and commitment to provide all of our services and employment opportunities on a fair and equitable basis.

AOC/ALW's values emphasise the principle of equity, aimed at extending education opportunities to all learners and potential learners, regardless of class, age, disability or learning difficulty, gender, sexual orientation, race, colour, language and culture, religious beliefs, economic or marital status. The commitment at all times is to meet the needs and aspirations, and enhance the skills, of individuals both within the learning experience and at work. The Organisation further recognises that education enables the progress not only of individuals but of communities through the contribution of aware and committed individuals, and sees its recognition of the social purpose of education as integral to its commitment to equal opportunities.

It is the policy of the Organisation to take all reasonable steps to employ and promote employees on the basis of their skills. Ongoing monitoring and regular analysis of data collected as a result of diversity monitoring provide the basis for appropriate action to eliminate unlawful direct and indirect discrimination and promote equality of opportunity. The Organisation considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with AOC/ALW continues. The Organisation's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. The Organisation makes every effort to ensure that any problems encountered by disabled employees or potential disabled employees are minimised.

5.2 Disability statement

The Organisation as part of its Equality and Diversity policy seeks to secure full access to its courses and meetings for those with disabilities. As far as reasonably practicable it makes arrangements to ensure that students with disabilities can profit fully from its activities, by ensuring that necessary media and support are provided and that physical access to courses is possible. However, with the exception of courses provided in its Harlech, Bangor, Wrexham, Cardiff and Swansea centres AOC/ALW does not meet in its own premises. While it works with the providers of premises to provide equal access, it cannot always guarantee unimpaired access in all community venues.

5.3 AOC/ALW and the Welsh Language

AOC/ALW is committed to the Welsh Government's vision of a truly bilingual Wales, as set out in the document 'A Language for All (Iaith Pawb)': "... a country where people can choose to live their lives through the medium of either Welsh or English and where the presence of both languages is a visible and audible source of pride and strength for all of us".

AOC/ALW will work to ensure that the Welsh language will be treated wholly equal to the English language. Standards set will be clear and consistent in terms of the services to be provided in both languages and will strive to be reasonable and proportionate, to reflect an all-Wales educational Organisation. Compliance with the standards will be ensured through regular monitoring.

In addition to advancing learning and knowledge through participation in education and training, AOC/ALW is committed to promoting awareness and understanding of the Welsh language, Welsh heritage and culture in all aspects of its business and services. AOC/ALW fully supports the principle of a bilingual workplace, and has put in place the mechanisms necessary to encourage the promotion, use and improvement of the Welsh language skills of its workforce.

5.4 Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which AOC/ALW's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Organisation's auditors are aware of that information.

Approved by order of the members of the Council on 27th January 2017 and signed on its behalf by:

John Graystone
Chair of Governors

.....

Professional advisers

External auditors:
BTP Associates, Merthyr

Bankers:
Handelsbanken, Cardiff

Internal auditors:
TIAA, Cardiff

Solicitors:
Capital Law, Cardiff

Statement of Corporate Governance and Internal Control

The Organisation is committed to exhibiting best practice in all aspects of corporate governance.

This summary describes the manner in which the Organisation has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Council, the Organisation complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2016.

THE COUNCIL

The members who served on the Council during the year are as listed below:-

Name	Status	Accession Date - if not 1 August 2015; or Resignation Date	Committee Membership
John Graystone	Chair		Cymraeg & Chymreictod
Gerry Jenson	Vice Chair (from 14 September 2015); Appointed by WEA Cymru		Quality & Learner Experience (Chair), Curriculum
Rob Humphreys	Vice Chair (from 14 September 2015); Appointed by WEA Cymru		Search (Chair)
Viv Davies	Appointed by WEA Cymru		Curriculum (Chair), Vol. Movement, Search
David Elis-Williams	Appointed by WEA Cymru		Finance and General Purposes (Chair)
Christopher Franks	Appointed by WEA Cymru		Audit & Corporate Governance (Chair)
Alison Hill	Appointed by WEA Cymru		Staffing (Chair)
Catrin James	Appointed by YMCA Wales CC		Cymraeg & Chymreictod (Chair), Vol. Movement
Val Williams	Appointed by YMCA Wales CC		Vol. Movement (Chair), Cymraeg & Chymreictod
Rhys Barfoot	Learner Governor	From 6 January 2016	Staffing
Cathy Clark	Learner Governor	From 17 December 2015	Quality & Learner Experience, Voluntary Movement
Steve Drowley	Appointed by YMCA Wales CC		Curriculum, Staffing
Cerys Furlong	Appointed by YMCA Wales CC		Audit & Corporate Governance, Quality & Learner Experience
Mark A Isherwood	Chief Executive, AOC/ALW		Cymraeg & Chymreictod
June Jeremy	Staff Governor		Finance and General Purposes
Hayden Llewellyn	Appointed by YMCA Wales CC		Audit & Corporate Governance, Staffing
Claire Morris	Appointed by YMCA Wales CC	Resigned 11 July 2016	Quality & Learner Experience, Search
Anne-Marie Rogan	Appointed by YMCA Wales CC	Resigned 27 May 2016	Finance & General Purposes, Curriculum
Toni Schiavone	Appointed by WEA Cymru		Finance & General Purposes, Cymraeg & Chymreictod, Vol. Movement
Becky Watson Stubbs	Staff Governor		Finance & General Purposes, Search

Statement of Corporate Governance and Internal Control (continued)

The Council is provided with regular and timely information on the overall financial performance of the Organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Council meets a minimum of three times a year.

The Council conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Council. Full minutes of all meetings, except those deemed to be confidential by the Council, are available from the Clerk to the Council at:

Stephen Thomas
Company Secretary
AOC/ALW
7 Coopers Yard
Curran Road
Cardiff
CF10 5NB

The Clerk to the Council maintains a register of financial and personal interests of Council members. The register is available for inspection at the above address.

Members of Council are able to take independent professional advice in furtherance of their duties at the Organisation's expense and have access to the Clerk to the Council, who is responsible to Council for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Council as a whole.

Formal agendas, papers and reports are supplied to Council members in a timely manner, prior to Council meetings. Briefings are also provided on an ad hoc basis.

The Council has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Council considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Committees comprise members of the Council, one of whom is Committee Chair, and co-opted individuals. In addition other task and finish groups may be convened at the discretion of Council.

There is a clear division of responsibility in that the roles of Chair of Council and that of Chief Executive are separate.

Appointments to the Council

While most Council members for 2015-16 were appointed, other members of Council were nominated by Staff and Learners for election. The Council is responsible for ensuring that appropriate training is provided for its members as required.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee comprises three members of the Council (excluding the Chief Executive, Chair, and Finance and General Purposes Committee members). The Committee operates in accordance with written terms of reference approved by the Council.

The Audit and Corporate Governance Committee meets on a termly basis and provides a forum for reporting by the AOC/ALW's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of AOC/ALW management if necessary. The Committee also receives and considers reports from the Welsh Government as they affect AOC/ALW's business.

The Organisation's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and to the Audit and Corporate Governance Committee.

Statement of Corporate Governance and Internal Control (continued)

Management is responsible for the implementation of agreed audit recommendations and internal auditors undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit and Corporate Governance Committee also advises the Council on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

INTERNAL CONTROL

Scope of responsibility

The Council is ultimately responsible for the Organisation's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which s/he is personally responsible, in accordance with the responsibilities assigned to him or her in the Financial Memorandum between the Organisation and the Welsh Government. He or she is also responsible for reporting to the Council any material AOC/ALW weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control provides reasonable, not absolute, assurance of effectiveness and is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

Council has reviewed the key risks to which the Organisation is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. Council is of the view that there is a formal ongoing process for identifying, evaluating and managing the Organisation's significant risks. This process is regularly reviewed by the Organisation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- Regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate.

The Organisation has an internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to

Statement of Corporate Governance and Internal Control (continued)

which the Organisation is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Council on the recommendation of the Audit and Corporate Governance Committee. At minimum annually, the Chair of Audit and Corporate Governance Committee provides Council with a report on internal audit activity in the Organisation. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the Organisation's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. Her/his review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors
- The work of the executive managers in the Organisation who have responsibility for the development and maintenance of the internal control framework
- Comments made by the Organisation's external auditors and the Welsh Government auditors in their management letters and other reports.

The Chief Executive has been advised on the implications of the result of her or his review of the effectiveness of the system of internal control by the Audit and Corporate Governance Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the regions and reinforced by risk awareness training. The Senior Management Team and the Audit and Corporate Governance Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Corporate Governance Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Council's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Senior Management Team and the Audit and Corporate Governance Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

GOING CONCERN

After making appropriate enquiries, Council considers that the Organisation has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Organisation on 8th April and signed on its behalf by:

John Graystone
Chair of Governors

Mark Isherwood
Chief Executive

.....

.....

Governing Body’s statement on the Organisation’s regularity, propriety and compliance with Funding body terms and conditions of funding

The Organisation has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with Welsh Government terms and conditions of funding, under the Financial Memorandum in place between the Organisation and the Welsh Government. As part of our consideration we have had due regard to the requirements of the Financial Memorandum.

We confirm, on behalf of the Organisation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Organisation, or material non-compliance with the Welsh Government’s terms and conditions of funding under the Organisation’s Financial Memorandum

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Welsh Government.

John Graystone
Chair of Governors

Mark Isherwood
Chief Executive

.....

.....

Statement of Responsibilities of the Members of the Council of the Organisation

The Members of the Council of the Organisation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Welsh Government and the Organisation, the Organisation, through its Chief Executive, is required to prepare financial statements for each financial year in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions*, Company Law and with the Accounts Direction issued by the Welsh Government which give a true and fair view of the state of affairs of the Organisation and the result for that year.

In preparing the financial statements, the Organisation is required to:

- select suitable accounting policies and apply them consistently
- make sound judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Organisation will continue in operation.

The Organisation is responsible for maintaining proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Organisation, and which enable it to ensure that the financial statements comply with the Companies Act 2006. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the Organisation and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Organisation website is the responsibility of the Organisation. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Members of the Council are responsible for ensuring that expenditure and income are applied for the purposes intended by the funders and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that the Welsh Government may prescribe from time to time. The Members of the Council must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, the Members of the Council are responsible for securing economical, efficient and effective management of the Organisation's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Welsh Government are not put at risk.

In accordance with Company Law, as the Members of the Council, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the Members of the Council of the Organisation we have taken all the steps necessary in order to make ourselves aware of any relevant audit information and to establish that the Organisation's auditors are aware of that information.

Statement of Responsibilities of the Members of the Council of the Organisation (continued)

The Members of the Council are aware that the Organisation has a responsibility under the Charities Act to demonstrate that it has charitable aims that meet the public benefit requirement and are therefore charitable. The Members of the Council confirm that they have had regard to the Charity Commission’s guidance on public benefit when considering, planning and implementing the activities of the charity and their compliance with the duty under S4 Charities Act 2006. As Council, we believe that the aims of the Organisation are charitable and for public benefit. Furthermore, in our view, no detriment or harm arises from the Organisation carrying out its work and we are not aware of any widespread views among others that such detriment or harm might arise.

This report is prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, and the Companies Act 2006.

Approved by order of the Members of the Council of the Organisation on 27th January 2017 and signed on its behalf by:

John Graystone
Chair of Governors

.....

Independent Auditors' Report to the Governing Body (Council) of Addysg Oedolion Cymru | Adult Learning Wales

A COMPANY LIMITED BY GUARANTEE - 3109524

We have audited the financial statements of Addysg Oedolion Cymru/Adult Learning Wales ('the Organisation'), for the year ended 31 July 2016, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, UK accounting standards (UK Generally Accepted Accounting Practice), the Statement of Recommended Practice – Accounting for Further and Higher Education, and the Accounts Direction issued by the Welsh Government.

Respective Responsibilities of the Governing Body (Council) and Auditor

As explained more fully in the Statement of Responsibilities of the Members of the Council of the Organisation, the Organisation's Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Organisation's Council, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might state to the Organisation's Council, as a body, 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 Organisation and the Organisation's Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Organisation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

We report to you whether in our opinion, in all material respects, monies expended out of Welsh Government grants and other funds from whatever source administered by the Organisation for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation and whether in our opinion, in all material respects, income has been applied in accordance with the Financial Memorandum with the Welsh Government.

We also report to you if, in our opinion, the Council's Report is not consistent with the financial statements, if the Organisation has not kept proper accounting records, if the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We have read the Report of the Members of the Council including the corporate governance statement and the statement of internal control and consider the implications for our report if we become aware of any apparent misstatement within it.

Opinion on financial statements

In our opinion:

- a) the financial statements give a true and fair view of the state of the Organisation's affairs as at 31 July 2016 and of its surplus of income over expenditure and cash flows for the year then ended;
- b) the financial statements have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government, the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, the provisions of the Companies Act 2006, and United Kingdom Generally Accepted Accounting Practice;
- c) proper accounting records have been kept; and
- d) the financial statements are in agreement with the accounting records.

Opinion on other matters prescribed in the Further Education Audit Code of Practice 2007 issued by the Welsh Government

In our opinion, in all material respects:

- a) monies expended out of Welsh Government grants and other funds from whatever source administered by the Organisation for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- b) income has been applied in accordance with the Financial Memorandum with the Welsh Government.

Huw Baker FCA
Senior Statutory Auditor
For and behalf of:

Btp Associates Ltd
Chartered Accountants
Merthyr Tydfil

Date:

REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE COUNCIL OF ADDYSG OEDOLION CYMRU | ADULT LEARNING WALES AND THE WELSH GOVERNMENT

In accordance with the terms of our engagement letter dated [redacted] and further to the requirements of the financial memorandum with the Welsh Assembly we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by AOC/ALW during the period 1st August 2015 to 31 July 2016 have not been applied to the purposes identified by the Welsh Assembly/Funders and the financial transactions do not conform to the authorities which govern them. The framework that has been applied is set out in the Audit Code of Practice issued jointly by the Welsh Assembly.

This report is made solely to the Organisation and the Welsh Assembly in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Organisation and the Welsh Assembly those matters we are required to state in a 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 Organisation and the Welsh Assembly for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Organisation and the reporting Accountant

The Organisation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Welsh Government and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st August 2015 to 31 July 2016 have not been applied to purposes intended by the Welsh Assembly or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Audit Code of Practice issued by the Welsh Assembly. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st August 2015 to 31 July 2016 has not been applied to purposes intended and the financial transactions do not conform to the authorities which govern them.

Signed:

Notes to the accounts (continued)

	Note	2016 £'000	2015 £'000
2 Welsh Government (WG) Grants			
WG Recurrent grant		5,396	5,537
Release of WG capital grants	23	37	50
Release of WG capital maintenance grants		-	6
WG non recurrent grants		82	134
Merger	33	-	252
Reclaim provision adjustment	31	255	-
Total		5,770	5,979
3 Tuition Fees and Education Contracts			
Education Contracts		35	18
Tuition Fees		526	434
Other fees including exam fees		40	25
Total		601	477
4 Other Grants and Contracts			
European Social Fund		71	275
Other grants:-			
Digiskills		54	53
Other Grants and Contracts		146	219
Total		271	547
5 Other Income			
Release of other government capital grants	23	20	24
Individual Subscriptions, Affiliations, Donations		3	3
Reimbursement of staff salaries		-	110
Course cost recovery including room rental		15	382
Other miscellaneous		18	13
Total		56	532
6 Branch income		-	-
7 Investment Income			
Interest receivable		6	5
Total		6	5
8 Pension finance income		-	-
9 Donations and Endowments		181	-

Restated

Notes to the accounts (continued)**10 Staff Costs**

The estimated average weekly number of persons (including senior post holders) employed by the Organisation during the year, described as full-time equivalents was:

	Note	2016 No.	2015 No.
Teaching staff		40	45
Non teaching staff		108	109
		148	154
		2016	2015
Staff Costs for the above persons		£'000	£'000
Wages and Salaries		4,144	4,337
Social security costs		219	283
Other pension costs	36	662	613
Payroll sub total		5,025	5,233
Contracted out staffing services		209	78
		5,234	5,311
Fundamental redundancy / restructuring costs		248	99
		5,482	5,410
Pension deferment adjustment		-	(78)
Total Staff costs		5,482	5,332

11 Key management personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Organisation and are represented by the Senior Management Team which comprises the Chief Executive (Accounting Officer), Director of Finance, Director of HR and Support Services, Director of Quality, Director of IT & MIS, Director of Curriculum and Director of Business Development.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2016 No.	2015 No.
The number of key management personnel including the Accounting Officer was:	7	2

The adoption of FRS 102 in 2016 requires additional disclosure of key management personnel. 2015 only required the disclosure of the Accounting Officer (AO). Therefore, throughout note 11, 2015 refers only to the AO of each Organisation, WEA Cymru and YMCA Wales CC, prior to merger. For information, the number of SMT members in 2015 including the AO for each Organisation was: WEA Cymru 5; YMCA Wales CC 5.

Notes to the accounts (continued)**11 Key management personnel (continued)**

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2016 No.	2015 No.	2016 No.	2015 No.
£40,001 to £50,000 p.a.	6	-	-	-
£50,001 to £60,000 p.a.	-	-	-	-
£60,001 to £70,000 p.a.	-	1	-	-
£70,001 to £80,000 p.a.	1	1	-	-
	<u>7</u>	<u>2</u>	<u>0</u>	<u>0</u>

Key management personnel emoluments are made up as follows:

	2016 £'000	2015 £'000
Salaries	358	142
Block Car allowance	4	1
	<u>362</u>	<u>143</u>
Employer's Pension Contributions	47	21
Total emoluments	<u>409</u>	<u>164</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2016 £'000	2015 £'000
Salaries	76	142
Block Car allowance	-	1
	<u>76</u>	<u>143</u>
Employer's Pension Contributions	6	21
Total emoluments	<u>82</u>	<u>164</u>

Of the Governing body members, one Governor, two staff members and the Chief Executive were the only Governors that were paid as employees of the Organisation during the year. All other Governors only received reimbursement of travel and subsistence expenses incurred in the course of their duties as Governors.

Notes to the accounts (continued)

	2016 £'000	2015 £'000
12 Other Operating Expenses		
Teaching costs	225	360
Non teaching costs		
Teaching support services	327	286
Other support services	97	92
Administration and central services	449	731
General Education	37	38
Premises Costs	408	479
Consultancy	111	61
Other expenses	-	58
Bad debts	-	25
Total	<u>1,654</u>	<u>2,130</u>

Other operating expenses include:

Auditors' Remuneration:

External audit	Financial	15	22
	Other	<u>4</u>	<u>5</u>
		<u>19</u>	<u>27</u>
Internal audit		<u>9</u>	<u>20</u>

13 Interest and other finance costs

	2016 £'000	2015 £'000
Pension finance costs	50	43
Interest on Loan	4	5
Total	<u>54</u>	<u>48</u>

14 Taxation

The trustees do not believe the Organisation, as a registered charity, was liable for any corporation tax arising out of its activities during this year.

15 Surplus/(deficit) on Continuing Operations for the period

	2016 £'000	2015 £'000
The Organisation's surplus / (deficit) for the year	<u>(490)</u>	<u>(179)</u>

Notes to the accounts (continued)

16 Tangible Fixed Assets	Freehold Land & Buildings £'000	Long Leasehold Land & Buildings £'000	Property Improvements £'000	Equipment £'000	Furniture, Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2015	3,078	272	79	2,483	112	7	6,031
Additions	-	-	86	2	17	-	105
Disposals	-	-	-	-	-	-	-
At 31 July 2016	3,078	272	165	2,485	129	7	6,136
Depreciation							
At 1 August 2015	1,750	31	79	2,336	73	7	4,276
Charge for the year	78	6	17	70	14	-	185
Disposals	-	-	-	-	-	-	-
At 31 July 2016	1,828	37	96	2,406	87	7	4,461
Net Book Value at 31 July 2016	1,250	235	69	79	42	-	1,675
Net Book Value at 31 July 2015	1,328	241	-	147	39	-	1,755

The Organisation's land and property assets, inherited from CHWEAN, were valued by a firm of chartered surveyors on 22 May 2008 at £2,195,000 market value in accordance with Royal Institute of Chartered Surveyors' valuation standards. On adoption of FRS 102, the Organisation followed the transitional provision to retain the book value of the inherited land and property assets but not to adopt a policy of revaluations of these properties in the future.

17 Investments

Endowment Assets	2016 £'000	2015 £'000
Balance at 1 August	1,046	1,018
Purchases of assets	636	848
Sales of assets	(632)	(852)
Revaluation of endowment assets	-	-
Appreciation of endowment	57	19
Movement in cash balances	(14)	13
Balance at 31 July	1,093	1,046
Represented by:		
Equities, Bonds, Other	911	850
Cash and deposits	32	46
Land	150	150
	1,093	1,046

18 Debtors

Amounts falling due within one year:	2016 £'000	2015 £'000
Trade receivables	94	199
Prepayments and accrued income	324	371
	418	570

Notes to the accounts (continued)

		2016	2015
19	Creditors: amounts falling due within one year	£'000	Restated £'000
	Notes		
	Bank loan	-	11
	Trade payables	42	23
	Accruals - HMRC	85	69
	Accruals - holiday pay	37 70	64
	Accruals - other	675	780
	Deferred income - government capital grants	23 56	58
	Deferred income - other	103	50
	Total	<u>1,031</u>	<u>1,055</u>
20	Creditors: amounts falling due after one year		
	Bank Loans	-	183
	Deferred income - government capital grants	23 377	432
	Total	<u>377</u>	<u>615</u>
21	Maturity of debt		
	(a) Bank loans and overdrafts	2016 £'000	2015 £'000
	Bank loan repayable as follows:-		
	In 1 year or less	-	11
	Between two and five years	-	44
	In five years or more	-	139
	Total	<u>-</u>	<u>194</u>
	The above loan was settled during 2015/16.		
	(b) Finance leases	<u>-</u>	<u>-</u>
22	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000
			Total £'000
	At 1 August 2015	(1,489)	(87)
	Expenditure in the period	(385)	(10)
	Additions in period	1,292	-
	At 31 July 2016	<u>(2,396)</u>	<u>(77)</u>
	Defined benefit obligations relate to the liabilities under the Organisation's membership of the Local Government Pension Scheme. Further details are given in Note 36.		
	The enhanced pension provision relates to the projected costs of 3 former members of Coleg Harlech staff that left its employment by arrangement prior to the merger with the WEA (North Wales) in 2001. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision.		
23	Deferred income - Government Capital Grants		£'000
	At 1 August 2015		490
	Released to income & expenditure account		(57)
	At 31 July 2016		<u>433</u>

Notes to the accounts (continued)

24 Endowments

	Period Ended 31 July 2016			Total
	Bursaries & Scholarships Fund	Books, Prizes & Learning Support Materials Fund	General Purposes Fund	
	£'000	£'000	£'000	
At 1 August 2015 as previously stated	200	823	23	1,046
Correction for 14/15 breakdown	3	(5)	2	-
Appreciation of Endowment Investments	2	54	1	57
Investment Income for year	1	22	1	24
Draw down from Endowments	-	(20)	-	(20)
Investment Management Expenses	(1)	(13)	-	(14)
At 31 July 2016	205	861	27	1,093
<i>Split of Endowments</i>				
Endowments Investments	55	861	27	943
Endowments Fixed Assets	150	-	-	150
	205	861	27	1,093

There are restricted funds of £800k, in the Tudor Bowen Jones Fund, included within the Books, Prizes and Learning Support Materials Fund above. This is restricted to provide resources for the Tudor Bowen Jones Library in Harlech.

	Period Ended 31 July 2015			Total
	Bursaries & Scholarships Fund	Books, Prizes and Learning Support Materials Fund	General Purposes Fund	
	£'000	£'000	£'000	
At 1 August 2014 as previously stated	199	796	23	1,018
Appreciation of Endowment Investments	-	19	-	19
Investment Income for year	2	29	1	32
Draw down from Endowments	-	-	-	-
Investment Management Expenses	(1)	(21)	(1)	(23)
At 31 July 2015	200	823	23	1,046
<i>Split of Endowments</i>				
Endowments Investments	50	823	23	896
Endowments Fixed Assets	150	-	-	150
	200	823	23	1,046

Notes to the accounts (continued)**25 Revaluation Reserve**

	2016	2015
	£'000	£'000
At 1 August	210	230
Transfer from Revaluation Reserve to General Reserve in respect of:		
Depreciation on revalued assets	-	(20)
At 31 July	<u>210</u>	<u>210</u>

The balance of the revaluation reserve applies to the revaluation of land and therefore is not depreciated.

	2016	2015
	£'000	Restated £'000
26 Cash and Cash Equivalents		
Cash	1	1
Co-op Bank accounts	23	206
Handelsbanken bank accounts	1,822	398
Branch Bank accounts	23	23
Barclays Bank accounts	10	623
HSBC	3	3
Natwest	-	1,060
	<u>1,882</u>	<u>2,314</u>
Restricted Fund Accounts:		
Keith Evans Fund Account	5	5
Alwyn Evans Fund Account	6	5
Dil Llewellyn Fund Account	-	-
Total cash & cash equivalents	<u>1,893</u>	<u>2,324</u>
27 Movement on General Reserves		
	2016	2015
	£'000	Restated £'000
Income & Expenditure Account Reserve		
At 1 August	1,160	1,545
Surplus for the year on continuing operations	(490)	(179)
Transfer from revaluation fund	-	20
Actuarial gain/ (loss) in respect of pension scheme	36 (809)	(226)
	<u>(139)</u>	<u>1,160</u>
Branch reserves		
At 1 August	23	23
Movement for year	-	-
	<u>23</u>	<u>23</u>
Total general reserve	<u>(116)</u>	<u>1,183</u>
Balance Represented by:		
Pension Reserve (FRS 102 (28))	36 (2,396)	(1,489)
Income and expenditure account reserve excluding pension reserve	2,280	2,672
As at 31 July	<u>(116)</u>	<u>1,183</u>
Restricted Reserves		
Keith Evans Fund Account	5	5
Alwyn Evans Fund Account	6	5
Dil Llewellyn Fund Account	-	-
As at 31 July	<u>11</u>	<u>10</u>

Notes to the accounts (continued)

28 Analysis of changes in net funds	1 August 2015	Cash flows	31 July 2016
	£'000	£'000	£'000
Cash and cash equivalents	2,314	(432)	1,882
Restricted Funds	10	1	11
Endowment Asset investments	46	(14)	32
Total	2,370	(445)	1,925

29 Capital Commitments

There were no capital commitments at year end.

30 Lease Obligations

At 31 July the Organisation had minimum lease payments under non-cancellable operating leases as follows:

Future minimum lease payments due	2016	2015
	£'000	£'000
Land and buildings		
Not later than one year	61	61
Later than one year and not later than five years	50	131
Later than five years	-	6
	111	198
Other		
Not later than one year	16	10
Later than one year and not later than five years	19	14
Later than five years	-	-
	35	24

31 Contingent Liability

Under the terms of the Financial Memorandum the Organisation is liable to repay to the Welsh Government (WG) any funds received if the Organisation fails to comply with any terms and conditions which were attached to the funds.

Previously provision has been made for potential clawback. However, Welsh Government has not indicated that we are in a clawback position and therefore the previous provision has been reversed.

Included with the Organisation's property portfolio are land and buildings known as 'Coleg Harlech'. At present this site is not actively utilised to its full potential. Part of the site includes a theatre building which has recently been awarded listed status. This building is not in a good state of repair and may potentially require significant remedial works.

Management are currently identifying potential sources of funding for the necessary remedial work. If no funding sources are identified these remedial costs may have to be borne by the Organisation. At this stage it is impossible to identify possible costs involved and therefore no provision is made within the Financial Statements.

32 Events after the reporting period

The Organisation name change to 'Addysg Oedolion Cymru | Adult Learning Wales' took effect from 1st December 2016.

Notes to the accounts (continued)

33 Exceptional Item - Income and Expenditure relating to the merger

To support the mergers the Welsh Government have made funds available to contribute towards the cost of merger related activity. For the period ended 31 July 2015 the total funding utilised amounted to £252k - £82k for merger between WEA Cymru and YMCA CC Cymru; £170k for merger between WEA South Wales and CHWEAN.

As a result of the size and nature of this expenditure it is shown in the accounts as an exceptional item (Note 2).

34 Related Party Transactions

Owing to the nature of the Organisation's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Organisation's financial regulations and normal procurement procedures.

The total expenses paid to Governors during the year were £7,640; 14 Governors (2014/15: £6,761; 23 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

There were 4 staff Governors who received remuneration to the value of £128,151 from the Organisation during the year. No other Governor has received remuneration or waived payments from the Organisation during the year. (2015: 2 staff Governors received remuneration for services to the value of £76,445).

Caia Park Partnership Ltd - the Chief Officer is Alison Hill, who is a Governor of the Organisation. It is a community development organisation in Wrexham, whose accommodation is used for the Organisation's educational provision and as an area office. There was an agreement during the period ending 31 July 2015 between Caia Park Partnership Ltd and the Organisation to offset income due against expenditure incurred, with the Organisation paying the balance at year end. Therefore, the transactions for the period ending 31 July 2015 are much lower than those ending 31 July 2016 below:

Purchase transactions in the period amounted to £13,727 (2015: £2,436)

There were no income transactions in the period (2015: nil).

As at 31/7/16 there was a nil balance owed to Caia Park Partnership Ltd (2015: £8,457).

Notes to the accounts (continued)

35 AMOUNTS DISBURSED AS AGENT

a) Financial Contingency Fund (FCF)

	Year Ended 31 July 2016 £'000	Year Ended 31 July 2015 £'000
WG Grants	66	58
Interest earned	-	-
	<u>66</u>	<u>58</u>
Paid to third party *	47	42
Disbursed to students **	6	14
Other including admin costs	6	2
At 31 July	<u><u>7</u></u>	<u><u>-</u></u>

Welsh Government FCF grants are available solely for eligible students.

* Where the Organisation has paid a third party, the related Income and Expenditure has been included within Statement of Comprehensive Income.

** Where the Organisation acts as a paying agent the grants and related disbursements are excluded from the Statement of Comprehensive Income.

	Year Ended 31 July 2016 £'000	Year Ended 31 July 2015 £'000
b) Bursaries		
At 1 August	-	6
Received in Year	-	-
	<u>-</u>	<u>6</u>
Less disbursements in Year:		
Long Course Bursaries	-	6
Short Course Bursaries	-	-
	<u>-</u>	<u>-</u>
At 31 July	<u><u>-</u></u>	<u><u>-</u></u>

The WG Coleg Harlech Bursary Fund is administered by the Organisation on behalf of WG, with the Organisation acting as the paying agent. The bursaries are therefore excluded from the Income and Expenditure account, except for the grant received by the Organisation to cover administration costs relating to the grant.

Notes to the accounts (continued)

36 Pension and Similar Obligations

The Organisation employees belong to two principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and The Local Government Pension Scheme (LGPS), for non-teaching staff which is managed by City and County of Cardiff and Gwynedd Council. Both are multi-employer defined-benefit plans. In addition a few employees belong to Aviva and one employee to the WEA Pension Trust.

Total pension cost for the year	2015-16		2014-15	
	£'000	£'000	£'000	£'000
Teachers Pension Scheme (TPS): contributions paid		173		159
WEA Pension Trust Scheme		19		18
Aviva Pension Scheme		37		30
Local Government Pension Scheme:				
Contributions paid Cardiff & Vale of Glamorgan (CVG)	244		255	
Contributions paid Gwynedd (GC)	141		124	
FRS 102 (28) charge Cardiff & Vale	43		10	
FRS 102 (28) charge Gwynedd	<u>5</u>		<u>17</u>	
Charge to the Inc & Exp Account (staff costs)		433		406
Enhanced pension charge to Inc & Exp Account (Staff costs)		0		0
Total Pension Cost for Year		<u>662</u>		<u>613</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £63,153 (2015: £61,133) were payable to the schemes at 31st July and are included within creditors: GC £14,699; CVG £26,631; TPS £21,823.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the accounts (continued)

36 Pension and Similar Obligations (continued)

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, which set out the design for a reformed TPS which was implemented on 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £172,618 (2015: £159,125).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The Organisation is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Organisation has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Organisation has set out above the information available on the plan and the implications for the Organisation in terms of anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by City and County of Cardiff (CCC) and Gwynedd Council (GC). The total contribution made for the year ended 31 July 2016 was £489K of which employer's contributions totalled £386K (which included £9k capital cost of early retirement) and employees' contributions totalled £103K. The agreed contribution rates for future years are 22.3% for Cardiff & Vale of Glamorgan LGPS and 19.1% for Gwynedd LGPS for employers and range from 5.5% to 12.5% for employees, depending on salary.

Notes to the accounts (continued)**36 Pension and Similar Obligations (continued)****FRS 102 (28) - Cardiff & Vale of Glamorgan LGPS****Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary:

	At 31 July 2016	At 31 July 2015
	%	%
Discount rate	2.4	3.6
RPI Inflation	2.9	3.2
CPI Inflation	1.8	2.1
Pension Increase	1.8	2.1
Pension accounts revaluation rate	1.8	2.1
Salary increases	2.8	3.1

Mortality Assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2016	At 31 July 2015
	years	years
<i>Retiring today</i>		
Male	23.8	23.8
Female	26.8	26.7
<i>Retiring in 20 years</i>		
Male	25.9	25.8
Female	29.1	29.0

Asset allocation and expected return on assets

	Value at 31 July 2016	Value at 31 July 2015
	%	%
Equities	76.7	76.9
Property	7.0	6.1
Government bonds	9.6	6.9
Corporate bonds	6.5	7.6
Cash	0.2	2.3
Other	-	0.2
Total	100	100

Reconciliation of funded status to Balance Sheet

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2016	2015
	£'000	£'000
Fair value of plan assets	4,011	3,465
Present value of plan liabilities	4,850	3,598
Net pensions (liability)/asset (note 22)	(839)	(133)

Notes to the accounts (continued)**36 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)**

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	78%
Deferred Pensioners	12%
Pensioners	10%

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2016	2015
	£'000	Restated £'000
Amounts included in staff costs		
Current service cost	287	265
Past service costs	-	-
Total	<u>287</u>	<u>265</u>
	2016	2015
	£'000	£'000
Net interest income	(1)	3
	<u>(1)</u>	<u>3</u>
Amount recognised in other Comprehensive Income	2016	2015
	£'000	£'000
Remeasurement gains / (losses) on plan assets	231	203
Experience losses on defined benefit obligations	(893)	(294)
Total	<u>(662)</u>	<u>(91)</u>
Actual Return on Assets	2016	2015
	£'000	£'000
Interest income on plan assets	128	122
Gain / (loss) on assets	231	203
Actual return on assets	<u>359</u>	<u>325</u>
Movement in net defined benefit (liability) / asset during year	2016	2015
	£'000	£'000
Net defined benefit (liability) / asset in scheme at 1 August	(133)	(35)
Movement in year:		
Current service costs	(287)	(265)
Employer contributions	244	255
Net interest on the defined (liability) / asset	(1)	3
Actuarial gain / (loss)	(662)	(91)
Net defined benefit (liability) / asset in scheme at 31 July	<u>(839)</u>	<u>(133)</u>

Notes to the accounts (continued)**36 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)**

	2016	2015
	£'000	Restated £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	3,598	2,865
Current Service Cost	287	265
Interest expense on defined benefit obligation	129	119
Contributions by Scheme participants	69	75
Experience (gains) / losses on defined benefit obligations	893	294
Net Benefits paid out	(126)	(20)
Closing defined benefit obligation	<u>4,850</u>	<u>3,598</u>
	2016	2015
	£'000	Restated £'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	3,465	2,830
Interest income on plan assets	128	122
Remeasurement gains / (losses) on plan assets	231	203
Contributions by employer	244	255
Contributions by Scheme participants	69	75
Net benefits paid out	(126)	(20)
Closing fair value of plan assets	<u>4,011</u>	<u>3,465</u>

Deficit contributions

The Organisation has entered into an agreement with the LGPS to make additional contributions of £5,400 (2015), £5,600 (2016) and £5,800 (2017), in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

Notes to the accounts (continued)**36 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS****Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary:

	At 31 July 2016	At 31 July 2015
	%	%
Discount Rate	2.4	3.6
Pension Increase Rate	1.9	2.6
Expected Return on Assets	N/A	3.6
Salary Increase Rate	3.9	4.5*

* Salary increases are assumed to be 1% p.a. until 31 March 2016 reverting to the long term assumption shown thereafter.

Mortality Assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2016	At 31 July 2015
	years	years
<i>Retiring today</i>		
Male	22.0	22.0
Female	24.0	24.0
<i>Retiring in 20 years</i>		
Male	24.4	24.4
Female	26.6	26.6

Asset allocation and expected return on assets

	Value at	Value at
	31 July 2016	31 July 2015
	%	%
Equities	73	73
Property	9	10
Bonds	14	14
Cash	4	3
Total	100	100

Reconciliation of funded status to Balance Sheet

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2016	2015
	£'000	£'000
Fair value of plan assets	5,910	5,223
Present value of plan liabilities	7,467	6,579
Net pensions (liability)/asset (note 22)	(1,557)	(1,356)

Notes to the accounts (continued)**36 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS (continued)**

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	45%
Deferred Pensioners	26%
Pensioners	29%

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2016	2015
	£'000	£'000
Amounts included in staff costs		
Current service cost	146	131
Past service costs	-	10
Total	146	141

	2016	2015
	£'000	£'000
Amounts included in investment income		
Net interest income	(49)	(46)
	(49)	(46)

	2016	2015
	£'000	£'000
Amount recognised in other Comprehensive Income		
Remeasurement gains / (losses) on plan assets	510	225
Experience losses on defined benefit obligations	(657)	(360)
Total	(147)	(135)

	2016	2015
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	188	193
Gain / (loss) on assets	510	225
Actual return on assets	698	418

	2016	2015
	£'000	£'000
Movement in net defined benefit (liability) / Asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	(1,356)	(1,158)
Movement in year:		Restated
Current service costs	(146)	(131)
Employer contributions	141	124
Past service costs	-	(6)
Curtailements/Settlements	-	(4)
Net interest on the defined (liability) / asset	(49)	(46)
Actuarial gain / (loss)	(147)	(135)
Net defined benefit (liability) / asset in scheme at 31 July	(1,557)	(1,358)

Notes to the accounts (continued)**36 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS (continued)**

	2016	2015
	£'000	Restated £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	6,579	5,993
Current Service Cost	146	131
Interest expense on defined benefit obligation	237	239
Contributions by Scheme participants	34	32
Experience (gains) / losses on defined benefit obligations	657	360
Net Benefits paid out	(186)	(186)
Past Service cost	-	6
Curtailments and settlements	-	4
Closing defined benefit obligation	<u>7,467</u>	<u>6,579</u>
	2016	2015
	£'000	Restated £'000
Changes in the fair value of assets		
Opening fair value of plan assets	5,223	4,835
Interest income on plan assets	188	193
Remeasurement gains / (losses) on plan assets	510	225
Contributions by employer	141	124
Contributions by Scheme participants	34	32
Net benefits paid out	(186)	(186)
Closing fair value of plan assets	<u>5,910</u>	<u>5,223</u>

Notes to the accounts (continued)**37 Transition to FRS 102 and the 2015 FE HE SORP**

The year ended 31st July 2016 is the first year that the Organisation has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under the previous UK GAAP were for the year ended 31st July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1st August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the Organisation's financial position, financial performance and cashflows, is set out below.

	1st August 2014 £'000	31st July 2015 £'000
Financial Position		
Total reserves under previous SORP	2890	2513
Employee leave accrual	(64)	(64)
Changes to measurement of net finance cost on defined benefit plans	-	-
	<hr/>	<hr/>
Total effect of transition to FRS 102 and 2015 FE HE SORP	2,826	2,449
	<hr/>	<hr/>
Total reserves under 2015 FE HE SORP	2,826	2,449
	<hr/> <hr/>	<hr/> <hr/>
		year ended 31 July 2015 £'000
Financial performance		
Surplus for the year after tax under previous SORP		(7)
Gain / (loss) on investments		28
Pensions provision - actuarial loss		(226)
Changes to measurement of net finance cost on defined benefit plans		(172)
		<hr/>
Total effect of transition to FRS 102 and 2015 FE HE SORP		(377)
		<hr/>
Total comprehensive income for the year under 2015 FE HE SORP		(377)
		<hr/> <hr/>

Notes to the accounts (continued)

37 Transition to FRS 102 and the 2015 FE HE SORP (continued)

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st July each year for both teaching and non-teaching staff. Certain employees are entitled to carry forward up to 10 days (pro rata) of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £64,000 was recognised at 1 August 2014, and at 31 July 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £6,000 has been charged to Comprehensive Income in the year ended 31 July 2016.

b) Non-government grants accounted for under performance model

The Organisation has previously only been in receipt of capital grants that are classified as "government" under FRS 102 and the 2015 FE HE SORP which are capitalised and amortised over the remaining useful economic life of the relevant fixed assets. Therefore, the accounting treatment will continue as under the previous UK GAAP and 2007 SORP.

c) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the increase in the deficit for the year has been mirrored by an increase in the actuarial losses presented within Other Comprehensive Income.

d) Presentation of actuarial gains and losses within Total Comprehensive Income

Actuarial gains and losses on the Organisation's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

Notes to the Accounts

1. Accounting policies

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further & Higher Education 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015 to 2016* and in accordance with the Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS102) and Companies Act 2006. The Organisation is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Organisation’s accounting policies.

Transition to the 2015 FE HE SORP

The Organisation is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Organisation has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The Organisation has also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

The date of transition was 1st August 2014. An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the Organisation is provided in note 37.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1st August 2014, the Organisation has retained the carrying values of freehold properties as being deemed cost and measured at fair value.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of Consolidation

The consolidated financial statements do not reflect any movement on individual Branch accounts for both periods reported.

Accounting policies (continued)

Going Concern

The activities of the Organisation, together with the factors likely to affect its future development and performance are set out in the Strategic Review. The financial position of the Organisation, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The Organisation at 1st August 2015, had an outstanding loan of £194k with Lloyds Bank for the purchase of Unit 9 Coopers Yard, Cardiff. This was settled during the year.

WEA Cymru and YMCA Wales CC merged on 1st August 2015 to become WEA YMCA CC Cymru (The Organisation). The YMCA Wales CC was dissolved and the assets and liabilities transferred to the merged Organisation. Forecasts and financial projections have been based on the merged Organisation and indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the merged Organisation has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Merger Policy

Merger Accounting is used where the conditions of Financial Reporting Standard 6 – Business Combinations are met. Merger Accounting is used only for those business combinations that are not in substance an acquisition of one entity by another, but are the formation of a new reporting entity as a substantially equal partnership where no party is dominant. Where it is deemed appropriate Merger Accounting is applied to represent the combined group as though it had always been one entity, including restatement of prior period comparatives.

On 1st August 2015 the assets and liabilities of YMCA Wales CC were transferred to Addysg Oedolion Cymru | Adult Learning Wales (formerly WEA Cymru) at book value. This combination has been accounted for using Merger Accounting. As a result the activities of both entities are included for the whole year and the comparative figures include the results of both entities as if they had been one entity.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

The recurrent grant from the Welsh Government (WG) represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Grants from non-government sources are recognised in income when the Organisation is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the Organisation is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Accounting policies (continued)

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

Accounting for post-employment benefits

Post-employment benefits to employees of the Organisation are provided by the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS), for some former WEA Cymru staff the Workers' Educational Organisation Pension Scheme (WEAPS) and for some former YMCA Wales CC staff the Aviva Pension Scheme. The TPS, LGPS and WEAPS are defined benefit plans, which are externally funded and contracted out of the State Second Pension. The Aviva scheme is a defined contribution plan.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Organisation in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the Organisation is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The WEAPS is an funded scheme. Contributions to the WEAPS are calculated so as to spread the cost of pensions over employees' working lives with the Organisation in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using the projected unit method. The WEAPS is a multi-employer scheme and the Organisation is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The WEAPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The AVIVA pension scheme is a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Organisation. Any unused benefits are accrued and measured as the additional amount the Organisation expects to pay as a result of the unused entitlement.

Accounting policies (continued)

Enhanced Pensions

The Organisation incurred enhanced pension costs during the year of £10k relating to 3 former members of Coleg Harlech staff that left its employment, by arrangement, prior to the merger with the WEA (North Wales) in 2001 which created CHWEAN. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision. These costs have been charged against the enhanced pension provision in the balance sheet.

Tangible fixed assets

Land & Buildings

Buildings are depreciated on a straight line basis over their expected useful lives as follows:-

- Freehold 20-50 years / 2%-5% per annum
- Leasehold 50 years / 2% per annum from 1 August 2015
- Property Improvements 5 years / 20% per annum

Freehold land is not depreciated.

Land, buildings and property improvements are stated in the balance sheet at either purchase cost or revaluation cost less depreciation costs. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Freehold and long leasehold buildings are depreciated over their expected useful economic life to the Organisation of between 20 and 50 years. The Organisation has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the Organisation followed the transitional provision to retain the book value of land and buildings, which were revalued in 2008, as deemed cost but not to adopt a policy of revaluations of these properties in the future. The revaluation in 2008 related to land and buildings inherited from CHWEAN.

Subsequent expenditure on existing tangible fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the Organisation, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment and other capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- General Equipment 5 years / 20% per annum
- Computer Equipment 4 years / 25% per annum
- Motor Vehicles 5 years / 20% per annum
- Furniture, fixtures and fittings 5 years / 20% per annum

Accounting policies (continued)

Where equipment is acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2015 are spread over the minimum lease term. The Organisation has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2015.

The Organisation does not have any finance leases.

Investments and Endowments

Listed investments held as fixed assets or endowment assets are stated at market value. There are no current asset investments.

The general purpose endowments are classified as an investment in the balance sheet in line with the Statement of Recommended Practice: *Accounting for Further & Higher Education 2015* (the 2015 FE HE SORP).

Stocks

The Organisation does not hold stock.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand, deposits repayable on a 35 day term and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition. The Organisation had no cash equivalents during the year.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Organisation are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Organisation has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. There were no monetary assets and liabilities denominated in foreign currencies at year end.

Accounting policies (continued)

Taxation

The Organisation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Organisation is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The Organisation is also exempt in respect of Value Added Tax on all services it provides and therefore unable to recover input VAT it suffers on goods and services purchased. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

Provisions are recognised when the Organisation has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the Organisation a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Organisation. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support funds, Financial Contingency Funds (FCF) and in 14/15 Bursary Fund (BF). Related payments received from the WG and subsequent disbursements to students totalling £6k (FCF) and nil (BF) (2015: £14k, £6k) are excluded from the Income and Expenditure of the Organisation where the Organisation is exposed to minimal risk or enjoys minimal economic benefit related to the transaction (note 35).

Where the Organisation has paid a third party direct, the related income and expenditure has been included within the Statement of Comprehensive Income (note 35).

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the Organisation either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Organisation's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Statement of Comprehensive Income

INCOME	Notes	2016 £'000	Combined 2015 Restated £'000
Welsh Government Grants	2	5,770	5,979
Tuition fees and education contracts	3	601	477
Other grants and contracts	4	271	547
Other income	5	56	532
Branch Income	6	-	-
Investment Income	7	6	5
Pension Finance Income	8	-	-
Donations and Endowments	9	181	-
Total Income		6,885	7,540
EXPENDITURE			
Staff costs	10	5,482	5,332
Other operating expenses	12	1,654	2,130
Depreciation	16	185	209
Interest and other finance costs	13	54	48
Total expenditure		7,375	7,719
(Deficit)/Surplus before other gains and losses	15	(490)	(179)
Gain/(loss) on investments	17	47	28
(Deficit)/Surplus before tax		(443)	(151)
Taxation	14	-	-
(Deficit)/Surplus for the year		(443)	(151)
Actuarial loss in respect of pensions schemes	36	(809)	(226)
Total Comprehensive Income for the year		(1,252)	(377)
Represented by:			
Restricted comprehensive income		1	-
Unrestricted comprehensive income		(1,300)	(405)
Endowment comprehensive income		47	28
		(1,252)	(377)

Statement of Changes in Reserves

	Income and Expenditure Reserve				Revaluation Reserve £'000	Total £'000
	Endowment		Other			
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000		
Restated Balance at 1st August 2014	741	277	10	1,569	230	2,827
Surplus/(deficit) from the income and expenditure account	-	-	-	(179)	-	(179)
Other comprehensive income	20	8	-	(226)	-	(198)
Transfers between revaluation and income and expenditure reserves	-	-	-	20	(20)	-
	20	8	-	(385)	(20)	(377)
Balance at 31st July 2015	761	285	10	1,184	210	2,450
Surplus/(deficit) from the income and expenditure account	-	-	1	(491)	-	(490)
Other comprehensive income	39	8	-	(809)	-	(762)
Total comprehensive income for the year	39	8	1	(1,300)	-	(1,252)
Balance at 31 July 2016	800	293	11	(116)	210	1,198

Balance Sheet as at 31 July

		2016	Combined 2015 Restated £'000
	Notes	£'000	£'000
Non current assets			
Tangible Assets	16	1,675	1,755
Endowment Assets	17	1,093	1,046
Total non current assets		2,768	2,801
Current Assets			
Debtors	18	418	570
Cash and cash equivalents	26	1,893	2,324
Total current assets		2,311	2,894
Less: Creditors - amounts falling due within one year	19	(1,031)	(1,055)
Net Current assets		1,280	1,839
Total assets less current liabilities		4,048	4,640
Creditors - amounts falling due after one year	20	(377)	(615)
Provisions			
Defined benefit obligations	22	(2,396)	(1,489)
Other provisions	22	(77)	(87)
Total net assets		1,198	2,449
Restricted Reserves			
Endowments	24	800	761
Other	27	11	10
Total restricted reserves		811	771
Unrestricted Reserves			
Endowments	24	293	285
Income and expenditure account	27	(116)	1,183
Revaluation Reserve	25	210	210
Total unrestricted reserves		387	1,678
Total Reserves		1,198	2,449

The financial statements on pages 23 - 53 were approved and authorised for issue by the Governing Body on 27th January 2017 and were signed on its behalf on that date by:-

Mark Isherwood
Chief Executive

John Graystone
Chair of Governors

CONSOLIDATED STATEMENT OF CASH FLOWS

		2016	2015
	Notes	£'000	Restated £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		(490)	(179)
Adjustment for non-cash items			
Depreciation	16	185	209
(Increase)/decrease in debtors	18	152	322
Increase/(decrease) in creditors due within one year	19	(33)	(529)
Increase/(decrease) in creditors due after one year	20	(55)	(58)
Increase/(decrease) in provisions	22	(10)	(10)
Pension costs less contributions payable	36	98	70
Adjustment for investing or financing activities			
Interest receivable		(6)	(5)
Interest payable		4	5
Net cash flow from operating activities		<u>(155)</u>	<u>(175)</u>
Cash flows from investing activities			
Investment income		6	5
Income from endowments	24	10	9
Payments made to acquire fixed assets	16	(105)	(479)
Payments made to acquire endowment assets	17	(636)	(848)
Proceeds from sale of endowment assets	17	632	852
		<u>(93)</u>	<u>(461)</u>
Cash flows from financing activities			
Interest paid		(4)	(5)
New secured loans		-	203
Repayments of amounts borrowed		(193)	(9)
		<u>(197)</u>	<u>189</u>
Increase / (decrease) in cash and cash equivalents in the year		<u>(445)</u>	<u>(447)</u>
Cash and cash equivalents at beginning of the year	28	2,370	2,817
Cash and cash equivalents at end of the year	28	1,925	2,370