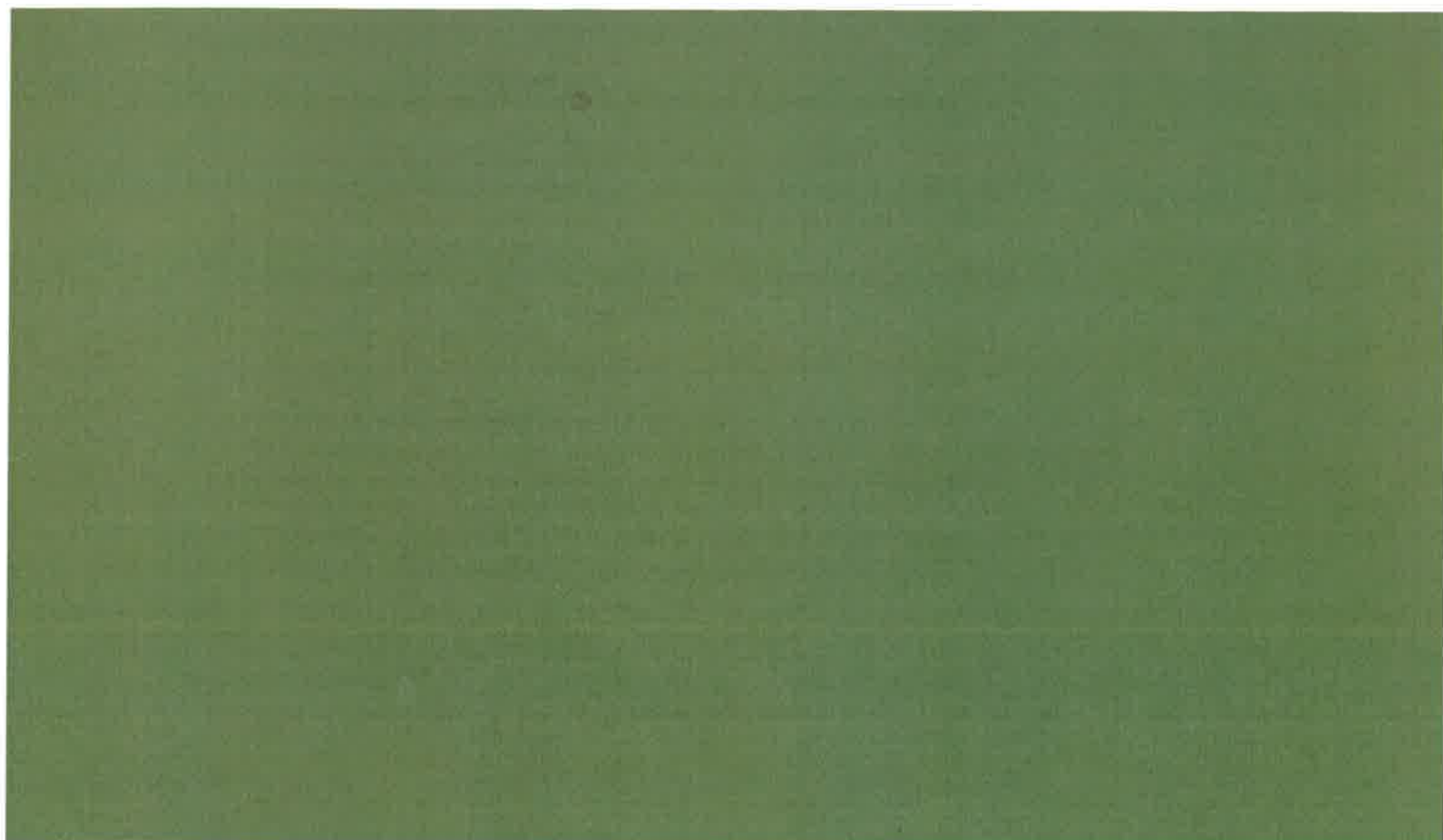


**WEA CYMRU (CYMDEITHAS ADDYSG Y
GWEITHWYR CYMRU, THE WORKERS'
EDUCATIONAL ASSOCIATION WALES)**

**Report and Financial Statements
for the year ended 31 July 2015**

Company number: 3109524



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Operating and Financial Review

1. NATURE, OBJECTIVES AND STRATEGIES

The Council present their report and the audited financial statements for the year ended 31 July 2015.

1.1 Legal status

WEA Cymru (Cymdeithas Addysg y Gweithwyr Cymru, The Workers' Educational Association Wales) is a charity registered in England and Wales (number 1071234) and a company limited by guarantee registered in England and Wales (number 3109524). The Association is an exempt charity for the purposes of the Charities Act 2011.

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

1.2 Purpose

To empower individuals, through the attainment of confidence, skills and knowledge so that they can play an active and democratic role in society locally, nationally and internationally.

1.3 Vision, Mission Statement, Principles and Values

Vision

Our vision is to be the leading provider of adult community learning and workplace learning in Wales, with a strong strategic role within Adult Community Learning.

Mission Statement

To enhance the life chances of adults, young people primarily over the age of 16, and families, through the delivery of high quality education that promotes active citizenship, employability, cultural enrichment, social justice and health and well being, giving due regard to the Welsh language and culture and the diversity of communities in Wales.

Our strapline is: **WEA Cymru - Changing lives through democratic learning.**

Principles

To involve learners, volunteers, branches, members and other partners in:

- Embedding the understanding of equalities and diversity
- Ensuring a culture of continuous improvement across the organisation
- Influencing and campaigning on behalf of adult and young learners
- Removing barriers to learning
- Being responsive to learners, individuals, employers and communities
- Making the most effective use of resources
- Promoting learning for life
- Changing and enriching lives through learning – at individual and community level and in the workplace
- Enriching the civic and cultural life of Wales
- Developing adult education thought and practice and creating an evidence base
- Working in tandem with key local, regional and national strategies
- Promoting adult education worldwide
- Providing programmes that reduce in-work and out of work poverty
- Working in a sustainable and environmentally friendly way

Values

SHOWING RESPECT

– respecting and valuing our people, their languages and our environment

Operating and Financial Review (continued)

LEARNER FOCUSSED	– putting the learner at the centre of everything we do
BEING FLEXIBLE	– responding positively to change and finding innovative ways to improve
WORKING COLLABORATIVELY	– achieving more by working together
PROVIDING VALUE FOR MONEY	– making the best use of resources
PRACTISING DEMOCRACY	– negotiating the curriculum, promoting participation and making decisions collectively
PRACTISING EQUAL OPPORTUNITIES	– challenging discrimination, promoting a culture of inclusion and ensuring fair access to learning opportunities

1.4 Policy Context

The policy direction from the Welsh Government (WG) was announced at the end of 2010 with the publication of the Adult Community Learning (ACL) Strategy "Delivering Community Learning for Wales". This set out the direction of travel for Adult Community Learning for the provision funded by the Department for Education and Skills (Welsh Government). The majority of income received by the Association is from the Welsh Government. The policy states that a minimum of 80% of the total funding allocated for ACL provision should be devoted to three priority groups of learners:

- Anyone aged 16 and above accessing an ACL basic skills and/or English for Speakers of Other Languages (ESOL) programme, including contextualised basic skills and citizenship courses
- Those who are not currently in education, training or employment and are in receipt of state benefits or support (excluding state retirement pension)
- Those aged 50 plus who are not in full time employment

Providers are expected to access fee income from those outside these priority groups. This provision should be largely accredited.

The remaining 20% of allocated funding is to be used for innovative provision, which may be non-accredited.

Joint strategic planning through ACL Partnerships at regional and local level remains an important requirement from the WG, and the Partnerships are the subject of Estyn Inspections. The Association has to continue to interact with 19 local ACL Partnerships and two regional partnerships.

The Thomas Review and the Simpson Review both reported in 2011 and have taken forward the Transformation agenda, making it clear that government expects fewer Further Education (FE) institutions and further collaborative working at a regional level. The merger of Coleg Harlech/WEA North (CHWEAN) with WEA South Wales to form WEA Cymru was part of this agenda.

1.5 Governance and Management

The Association's governing body, its Council, plays a full part in approving the Strategic Plan and in monitoring its delivery. All members of Council attend 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.

Operating and Financial Review (continued)

1.6 Financial objectives

The Association's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the Association's aims and objectives, and the need for a financial contribution to the Association's overall finances
- to generate sufficient levels of income to support the asset base of the Association
- to further improve the Association's shorter term liquidity
- to retain an average cash level of £500,000
- to maintain category "B" Welsh Government financial status

Meeting the above targets will require the retention of tight staffing levels and 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 Association'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.

The use of data to inform planning has been strengthened and regular scrutiny was undertaken by the Senior and Operational Management Teams and through the Quality and Learner Experience Committee and Council. A copy of the SAR was placed on the Association's central global drive, along with a Quality Development Plan (QDP) itemising the actions arising from the SAR to ensure continuous improvement.

The Association'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 2014/15 against 2013/14::

	2014/15	2013/14
Operating surplus	£105k	£69k
Current ratio (current assets / current liabilities)	1.4:1	1.4:1
Staff costs as % of income	69%	66%
Welsh Government income as a % of total income	78%	66%
Accumulated reserves excl. FRS17	£1.1m	£1.1m
Cash balances	£705k	£1.2m

Tangible fixed asset additions during the year amounted to £478k and were split between land and buildings at £345k, equipment at £89k, and fixtures and fittings at £44k.

Operating and Financial Review (continued)

Treasury policies and objectives

Treasury management is the management of the Association'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 Director of Finance.

The long term loan was a new transaction during the year for the purchase of Unit 9, Coopers Yard, Cardiff. This was approved by Council on 22nd May 2014.

There have been no short term borrowings during the year. If the Association 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.

Cash flows and Liquidity

At (£218k) (2013/14 increase of £124k), operating cash flow has decreased on the previous year. As a result there was a decrease in net funds for the year of (£686k) (2013/14 increase of £690k).

The current ratio stands at 1.4:1 which highlights the Association's continuing progress in its objective of maintaining financial health through improved liquidity.

The Association has a long term loan which covered the purchase of 9 Coopers Yard. This has 14 years remaining on it.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires WEA Cymru, 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 Association 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 2014 to 31 July 2015 the Association incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There were no post-balance sheet events to report.

Operating and Financial Review (continued)

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Strategic Plan

The Strategic Plan for 2014-17 contains the purpose of the Association, its Vision, the Principles by which we operate and our Values. The Plan was developed for WEA Cymru in consultation with staff, trustees, the membership and key stakeholders.

This Strategic Plan covers the period 2014-17 taking the Association through a period of transition from two separate organisations to an all Wales body. The plan identifies the priorities and future direction of the Association in Wales and reaffirms its mission to democratic learning and providing education opportunities in areas where classes would otherwise not be offered. This plan also recognises that the Association 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 three strategic aims.

AIM 1: To be the leading provider of negotiated Adult Community Learning and Workplace Learning in Wales

AIM 2: To provide an excellent and effective learner experience which includes a strong learner voice

AIM 3: To be well led, high performing, inclusive, democratic and accountable

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 Association'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 for each strategic aim. 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 Association. 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 2014/15 the Association recruited 12,502 learners, 65% female and 35% male. In terms of the ratio of accredited to non-accredited, in 2014/15, 75% of GLCH (Guided Learner Contact Hours) were delivered through accredited courses. Completion rates are at 98% overall (4% above National Comparators), attainment rates are at 98% (7% above National Comparators) with Successful Completion at 98% (12% above National Comparators). Out of 42 subject sector areas, 30 had attainment rates of 100% with a further 8 having attainment rates of 97% or over.

National Comparators (NCs) are 13/14 data and are taken from National Statistics for Wales document SDR 51/2015 (Page 22). NCs for 14/15 are due to be published in April/May 2016.

Operating and Financial Review (continued)

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 %
1.1	Medicine and Dentistry	17	234	100.0%	100%	100%
1.2	Nursing and Subjects and Vocations Allied to Medicine	188	4158	100.0%	100%	100%
1.3	Health and Social Care	2282	34011	99.8%	97%	97%
1.4	Public Services	8	48	100.0%	38%	38%
1.5	Child Development and Well Being	5	69	100.0%	100%	100%
2.1	Science	197	3015	100.0%	99%	99%
2.2	Mathematics and Statistics	8	2628	100.0%	100%	100%
3.1	Agriculture	1	30	100.0%	100%	100%
3.2	Horticulture and Forestry	103	1640	100.0%	100%	100%
3.4	Environmental Conservation	25	687	100.0%	100%	100%
4.2	Manufacturing Technologies	1055	7387	100.0%	93%	93%
5.2	Building and Construction	138	2023	100.0%	100%	100%
6.1	ICT Practitioners	24	389	100.0%	100%	100%
6.2	ICT for Users	1124	19719	99.9%	100%	100%
7.1	Retailing and Wholesaling	128	1383	100.0%	98%	98%
7.3	Service Enterprises	8	88	100.0%	100%	100%
7.4	Hospitality and Catering	158	1798	100.0%	100%	100%
8.1	Sport, Leisure and Recreation	88	5341	100.0%	100%	100%
9.1	Performing Arts	310	19940	98.4%	100%	98%
9.2	Crafts, Creative Arts and Design	1595	31779	100.0%	100%	100%
9.3	Media and Communication	40	1252	100.0%	100%	100%
9.4	Publishing and Information Services	61	0	100.0%	100%	100%
10.1	History	62	11623	100.0%	100%	100%
10.3	Philosophy	19	282	100.0%	100%	100%
11	Social Sciences	26	15600	69.2%	94%	65%
11.1	Geography	5	135	100.0%	100%	100%
11.2	Sociology and Social Policy	223	12001	100.0%	100%	100%
12	Languages, Literature and Culture	99	1199	100.0%	100%	100%
12.1	Languages, Literature and Culture of the British Isles	46	2262	100.0%	98%	98%
12.2	Other Languages, Literature and Culture	37	1725	100.0%	100%	100%
13.1	Teaching and Lecturing	195	5754	100.0%	99%	99%
13.2	Direct Learning Support	50	832	100.0%	100%	100%
14.1	Foundations for Learning and Life	661	18204	100.0%	99%	99%
14.2	Preparation for Work	599	10503	100.0%	97%	97%
15.1	Accounting and Finance	2	50	100.0%	100%	100%
15.2	Administration	14	150	100.0%	100%	100%
15.3	Business Management	2023	54486	100.0%	100%	100%
15.4	Marketing and Sales	133	976	100.0%	100%	100%
15.5	Law and Legal Services	24	324	100.0%	100%	100%
14.1A	Independent Skills - Moderate	320	3411	100.0%	100%	100%
14.1C	ABE	2580	66681	99.7%	100%	99%
14.1D	ESOL	1662	26777	99.9%	99%	99%
Totals		16,343	370,594			

Operating and Financial Review (continued)

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);

We have continued our work with asylum seekers and with ethnic minority groups. 9.6% of our learners in 2014/15 are from minority ethnic communities. We continue to target the most disadvantaged areas and 51.6% of our learners live in areas of deprivation. The majority of our learners are still women, consistent with 2013/14 at 65%, and 74.5% of our learners are aged between 20 and 60.

2.5 Curriculum developments

Provision for 2014/15 is an aggregate of workplace and regional curricula administered from the Association's five regional offices, 2 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 for employability and to access language skills was 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 Association'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) and an increased amount was delivered on the basis of full cost recovery this year.

Negotiation with learners and partners was on-going throughout the year with a majority of provision delivered using a partnership approach. The range of subjects and levels continued to be broad spanning all levels from pre-entry to level 3. On-line learning continued via delivery of learn direct courses in communities with an increasing focus on the role of partners in supporting provision delivery as well as 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.

WEA Cymru continues to offer a broad range of subjects, in line 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 both a tutor and a learner at the NIACE inspire awards this year. This year saw our final year of Welsh for the family provision delivery for the north Wales Language Centre and despite being unsuccessful in our partnership bid to become the new Welsh Language Entity we continue with our drive for ongoing development as the largest high quality, fully bilingual adult learning organisation in Wales.

2.6 Future developments

WEA Cymru is due to merge with the YMCA CC on the 1st August 2015. This will create a new organisation operating pan Wales with a wide range of stakeholders. A new Chief Executive has been appointed for the new organisation. The new organisation will continue to operate in a challenging financial climate with further cuts to public spending and forecast reduction in grant. The Association is seeking to improve efficiency to ensure value for money is achieved. The Association would like to reduce dependency on the WG and is seeking opportunities particularly in the areas where the Association has previously performed well such as European Commission grants.

Operating and Financial Review (continued)

3. RESOURCES

The Association 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 the Coopers Yard site in Cardiff.

3.1 Financial

The Association has net assets excluding FRS17 of £2.6m with a long term debt of £183k

3.2 Staffing

During the academic year 2014/2015 there were 228 hourly paid teaching staff. As at 31 October 2015, there were 88 full time and 37 part time 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:

WEA Cymru 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 WEA Cymru'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 Association 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 Association. 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 Association.

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 Association 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 WEA Cymru along with mitigating actions. Not all the factors are within the Association's control: other factors besides those listed below may also adversely affect it.

4.1 Government funding

The Association has considerable reliance on continued government funding through the Welsh Assembly with levels of funding due to be increased by 1.9% for 2015/16.

This risk is mitigated in a number of ways:

- The Association continues to expand delivery that has a range of course fee recovery options associated with it.
- The association has developed a more commercial focus in relation to delivering training the business. The association has a designated work place learning team whose focus is the business sector..
- The Association continues to increase the use of full cost recovery throughout main stream provision.

Operating and Financial Review (continued)

- By ensuring the Association 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 Association is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the Welsh Assembly 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.
- By the merger between WEA Cymru and YMCA Wales Community College.

4.2 Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the Association's balance sheet in line with the requirements of FRS 17. 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 not excessive.

4.3 IT Infrastructure

The Association 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. The IT team have developed and costed a strategy to manage future IT risks that will be implemented when funding becomes available.

5. STAKEHOLDER RELATIONSHIPS

The Association 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 Association 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 Association 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.

Operating and Financial Review (continued)

WEA Cymru'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 Association 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 Association 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 Association 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 WEA Cymru continues. The Association'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 Association makes every effort to ensure that any problems encountered by disabled employees or potential disabled employees are minimised.

5.2 Disability statement

The Association 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 WEA Cymru 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 WEA Cymru and the Welsh Language

WEA Cymru 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".

WEA Cymru 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 association. Compliance with the standards will be ensured through regular monitoring.

In addition to advancing learning and knowledge through participation in education and training, WEA Cymru is committed to promoting awareness and understanding of the Welsh language, Welsh heritage and culture in all aspects of its business and services. WEA Cymru 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 WEA Cymru'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 Association's auditors are aware of that information.

Operating and Financial Review (continued)

Approved by order of the members of the Council on 16th April 2016 and signed on its behalf by:

John Graystone
Chair of Governors



Handwritten signature of John Graystone, underlined.

Professional advisers

External auditors:
BTP Associates

Bankers:
Handelsbanken, Cardiff

Internal auditors:
Baker Tilly

Solicitors:
Capital Law Cardiff

Statement of Corporate Governance and Internal Control

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

This summary describes the manner in which the Association 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 Association 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 2015.

THE COUNCIL

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

Name	Status	Date of Resignation	Committees Served
Rob Humphreys	Chair, Appointed		Search (Chair)
Alison Hill	Vice Chair (from 11 March 2015), Appointed		Staffing (Chair), Finance and General Purposes (to 9 March 2015)
Gerry Jenson	Vice Chair (from 11 March 2015), Appointed		Quality and Learner Experience (Chair), Curriculum
Cathy Clark	South East Regional Forum Rep.		Vol. Movement (Chair), Curriculum
Nigel Davies	North East & Mid Wales Regional Forum Rep.		Curriculum
Viv Davies	Appointed		Curriculum (Chair), Vol. Movement, Search
Derek Edwards	South West Regional Forum Rep.		Vol. Movement
Phil Elias	Branches Rep.		Finance and General Purposes, Vol. Movement
Christopher Franks	Appointed		Audit and Corporate Governance (Chair)
Jeremy Gass	Appointed		Finance and General Purposes (Chair), Quality and Learner Experience
June Jeremy	Staff Governor		Finance and General Purposes
Helen Mary Jones	Appointed	9 July 2015	Staffing, Search
Jenni Jones-Annetts	Individuals, Affiliated Orgs. and Learner Forums Rep.		Staffing, Search
David MacManus	Learner Governor		Staffing
Jon Parry	Appointed		Audit and Corporate Governance
Graham Price	South Central Regional Forum Rep.		Audit and Corporate Governance, Curriculum
Rebecca Rumbul	Appointed		Quality and Learner Experience
Toni Schiavone	North West Regional Forum Rep.		Finance and General Purposes, Quality and Learner Experience
Nick Taylor	Staff Governor		Vol. Movement
Christine Topham	Learner Governor	6 January 2015	Quality and Learner Experience

Statement of Corporate Governance and Internal Control (continued)

The Council is provided with regular and timely information on the overall financial performance of the Association 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:

WEA Cymru
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 Association'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 mainly lay members of the Council, one of whom is the Chair. 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 Officer are separate.

Appointments to the Council

While some Council members are appointed, other members of Council are nominated by Branches, Individuals, Learner Forums, Affiliated Organisations, Staff and Learners for election at the Annual General Meeting. 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 WEA Cymru's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of WEA Cymru management if necessary. The Committee also receives and considers reports from the Welsh Government as they affect WEA Cymru's business.

The Association'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.

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

Statement of Corporate Governance and Internal Control (continued)

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 Association'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 Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Association'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 Association and the Welsh Assembly. He or she is also responsible for reporting to the Council any material 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 Association'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 2015 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 Association 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 Association's significant risks. This process is regularly reviewed by the Association.

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 Association 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 which the Association 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

Statement of Corporate Governance and Internal Control (continued)

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 Association. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the Association's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer 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 Association who have responsibility for the development and maintenance of the internal control framework
- Comments made by the Association's external auditors and the Welsh Government auditors in their management letters and other reports.

The Chief Executive Officer 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 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 Association 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.

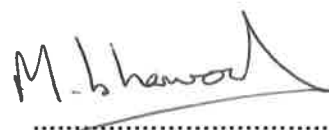
Approved by order of the members of the Association on 16th April 2016 and signed on its behalf by:

John Graystone
Chair of Governors

Mark Isherwood
Chief Executive Officer



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Statement of Responsibilities of the Members of the Council of the Association

The Members of the Council of the Association 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 Association, the Association, through its Chief Executive Officer, is required to prepare financial statements for each financial year in accordance with the 2007 *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 Association and the result for that year.

In preparing the financial statements, the Association 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 Association will continue in operation.

The Association is responsible for maintaining proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association, 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 Association and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Association website is the responsibility of the Association. 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 Association'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 Association we have taken all the steps necessary in order to make ourselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

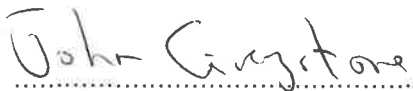
Statement of Responsibilities of the Members of the Council of the Association (continued)

The Members of the Council are aware that the Association 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 Association are charitable and for public benefit. Furthermore, in our view, no detriment or harm arises from the Association 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 2007 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 Association on 16th April 2016 and signed on its behalf by:

John Graystone
Chair of Governors


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REPORT OF THE AUDITORS TO THE MEMBERS OF WEA CYMRU (CYMDEITHAS ADDYSG Y GWEITHWYR CYMRU, THE WORKERS' EDUCATIONAL ASSOCIATION WALES)

A COMPANY LIMITED BY GUARANTEE - 3109524

Independent Auditors' Report to the Governing Body (Council) of WEA Cymru

We have audited the financial statements of WEA Cymru ('the Association'), for the year ended 31 July 2015, 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 Association, the Association'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 Association'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 Association'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 Association and the Association'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 Association'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 Association 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 Association 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.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
WEA CYMRU (CYMDEITHAS ADDYSG Y GWEITHWYR CYMRU,
THE WORKERS' EDUCATIONAL ASSOCIATION WALES)
(Continued)**

A COMPANY LIMITED BY GUARANTEE - 3109524

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 Association's affairs as at 31 July 2015 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 2007 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 Association 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: 25th April 2016

INDEPENDENT AUDITORS' REPORT ON REGULARITY TO THE COUNCIL OF WEA CYMRU AND THE WELSH GOVERNMENT

A COMPANY LIMITED BY GUARANTEE – 3109524

In accordance with the terms of our engagement letter and further to the requirements of the Welsh Government, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of WEA Cymru ('the Association') for the year ended 31 July 2015 have been applied to the purposes identified by the Welsh Government and the financial transactions conform to the authorities which govern them.

This report is made solely to the Association and the Welsh Government. Our review work has been undertaken so that we might state to the Association and the Welsh Government, those matters we are required to state to them 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 Association and the Welsh Government, for our review work, for this report, or the opinion we have formed.

Respective responsibilities of the Governing Body (Council) and Auditors

The Association's Governing Body is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by DfES (Welsh Government). We report to you whether, in our opinion, in all material respects, the Association's expenditure and income for the year ended 31 July 2015 have been applied to purposes intended by the Welsh Government and the financial transactions conform to the authorities which govern them.

Basis of Opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by DfES (Welsh Government). Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Association's income and expenditure.

Opinion

In our opinion, in all material respects:

- a) monies expended out of Welsh Government grants and other funds from whatever source administered by the Association 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 on behalf of:

Btp Associates Ltd
Chartered Accountants
Merthyr Tydfil

Date: 25th April 2016

INCOME AND EXPENDITURE ACCOUNT

INCOME

	Notes	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Welsh Government Income	2	5,029	5,015
Tuition fees and education contracts	3	346	538
Other grants and contracts	4	547	1,208
Other income	5	435	331
Investment Income	7	2	3
Pension Finance Income	9	121	66
Branch Income	6	-	1
Profit on Sale of Fixed Assets	8	-	417
Total Income		6,480	7,579

EXPENDITURE

Staff costs	10	4,457	5,036
Other operating expenses	12	1,717	2,291
Depreciation	16	196	197
Interest payable	13	5	-
Total expenditure		6,375	7,524
Surplus on continuing operations after depreciation		105	55
Taxation	14	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax		105	55
Transferred from specific endowments	24	-	14
	15	105	69

The income and expenditure account is in respect of continuing activities.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

		Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Surplus on continuing operations before taxation		105	55
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	25	20	41
Historical Cost surplus for the year before taxation		125	96
Historical Cost surplus for the year after taxation		125	96

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		105	55
Actuarial gain/(loss) in respect of pension scheme	39	(398)	(3)
Net Movement in Fixed Asset Revaluation Fund	25	-	(41)
Appreciation on endowment asset investments	24	19	5
Net investment income on Endowments	24	9	17
Total recognised gains relating to the year		(265)	33

RECONCILIATION

Opening funds	934	901
Total recognised gains relating to the year	(265)	33
Closing funds	669	934

BALANCE SHEET AS AT 31 JULY

	Notes	Year Ended 31 July 2015 £'000 £'000		Year Ended 31 July 2014 £'000 £'000	
Fixed Assets					
Tangible Assets	16		1,494		1,212
Endowment Assets	17		1,046		1,018
Current Assets					
Debtors	18	511		774	
Investments		0		1	
Cash at bank and in hand	26	705		1,209	
Total Current Assets		1,216		1,984	
Less: Creditors - amounts falling due within one year	19	838		1,420	
Net Current assets			378		564
Total assets less current liabilities			2,918		2,794
Less: Creditors - amounts falling due after more than one year	20	183		-	
Less: Provisions for liabilities	22	87		97	
Net assets excluding pension asset/(liability)			2,648		2,697
Net Pension (liability)/asset	27	(1,489)		(1,193)	
NET ASSET INCLUDING PENSION (LIABILITY)			1,159		1,504
Deferred Capital Grants	23	490		570	
Permanent endowments		818		796	
Expendable endowments		228		222	
Total endowments	24	1,046		1,018	
Reserves					
Income and expenditure account -excluding pension reserve	27	892		869	
Pension reserve	27	(1,489)		(1,193)	
Income and expenditure account -including pension reserve		(597)		(324)	
Revaluation Reserve	25	210		230	
Restricted Reserves	27	10		10	
Total Reserves			(377)		(84)
Total			1,159		1,504

The financial statements on pages 22 - 48 were approved by the Governing Body on 16th April 2016 and were signed on its behalf by:-


 Mark Isherwood
 Chief Executive Officer


 John Graystone
 Chair of Governors

CASH FLOW STATEMENT

	Notes	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Cash inflow from operating activities	28	(218)	124
Returns on investments and servicing of finance	29	6	20
Taxation		0	0
Capital expenditure and financial investment	30	(474)	546
Management of liquid resources	31	-	-
Financing	31a	194	0
Increase/(Decrease) in cash in the year		(492)	690
Reconciliation of net cash flow to movement in net funds/(debt)			
Increase/(Decrease) in cash in the year		(492)	690
Cash inflow from new secured loans		(203)	-
Cash outflow from loan capital repayments		9	-
Movement in net funds in period		(686)	690
Net funds at 1 August		1,243	553
Net funds at 31 July	32	557	1,243

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 2007* (the SORP), the *Accounts Direction for 2014/15 financial statements, Companies Act 2006* and in accordance with applicable Accounting Standards.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

The activities of the Association, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the Association, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The Association currently has £194k of a loan outstanding with Lloyds Bank on terms negotiated in 2014. The loan is for a period of 15 years for the purchase of Unit 9 Coopers Yard, Cardiff.

The Association is due to merge with the YMCA CC Cymru on 1st August 2015. The YMCA CC Cymru will be dissolving and the assets and liabilities being transferred to the merged Association. The forecasts and financial projections are based on the merged Association and indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

The merged Association 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.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Association for the financial year to 31 July 2015. Intra group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Recognition of income

The recurrent grant from the Welsh Government (WG) represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

WG recurrent grants are recognised 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 WG following the year end, and the results of any funding audits.

Accounting policies (continued)

Non-recurrent grants from WG or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent the conditions of funding have been met or the extent of the completion of the contract or services concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. 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.

Post retirement benefits

Retirement benefits to employees of the Association are provided by the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and for some former CHWEAN staff the Workers' Educational Association Pension Scheme (WEAPS). The TPS and LGPS are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS). WEAPS is also a defined benefit scheme with the assets of the scheme being held in separate trustee administered funds.

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Association 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 quinquennial valuations using a prospective benefit method. As stated in Note 39, the TPS is a multi employer scheme and the Association 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 scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The WEAPS liabilities and contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method, so as to spread the cost of pensions over employees' working lives with the Association in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll under Financial Reporting Standard 17 (FRS 17). Under the definitions set out in the FRS 17 Retirement Benefits, the WEAPS is a multi-employer pension scheme. The Association is unable to identify its share of the underlying assets and liabilities of the scheme and they therefore do not appear on the Balance Sheet of the Association.

Enhanced Pensions

The Association incurred enhanced pension costs during the year 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. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision.

Accounting policies (continued)

Tangible fixed assets

a. Land & Buildings

Land, buildings and property improvements are stated in the balance sheet at either purchase cost or revaluation cost less depreciation costs. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Association of between 20 and 50 years. The Association has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. 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. 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 capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

b. Subsequent expenditure on existing tangible fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period in which it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

c. Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the Association. All other equipment is depreciated over its useful economic life using the straight line basis as follows:

- | | |
|----------------------|--|
| • General Equipment | 20% per annum on a straight line basis |
| • Computer Equipment | 25% per annum on a straight line basis |
| • Motor Vehicles | 20% per annum on a straight line basis |

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

d. Property improvements

There has been no significant capital expenditure incurred on property improvements during the year.

Accounting policies (continued)

Leased assets

The Association only has operating leases which are charged on a straight line basis over the lease term to the income and expenditure account.

Investments and Endowments

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

The general purpose endowments are classified as an investment in the balance sheet in line with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP).

Stocks

The Association does not hold stock.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rates of exchange ruling at the date of the transaction.

Taxation

The Association is an exempt charity and benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interests and rents. The Association 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.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks.

Provisions

Provisions are recognised when the Association 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.

Agency arrangements

The Association in some cases acts as an agent in the collection and payment of Financial Contingency Funds (FCF) and Bursary Fund (BF). Related payments received from the WG and subsequent disbursements to students totalling £14k (FCF) and £6k (BF) (2014: £37k, £4k) are excluded from the Income and Expenditure account and are shown separately in Note 38.

The income and expenditure consolidated in the Association's financial statements relate to the provision of transport and nursery care paid by the Association on students' behalf.

Notes to the accounts (continued)

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
2 Welsh Government (WG) Income		
WG Recurrent grant	4,624	4,306
Release of deferred capital grants (note 23)	50	65
Release of deferred Capital Maintenance Grants	6	21
WG non recurrent grants	97	368
Merger (note 33)	252	255
Total WG Grants	5,029	5,015
3 Tuition Fees and Education Contracts		
Education Contracts	18	-
Tuition Fees	303	449
Summer Schools and Short Courses	-	54
Other inc exam fees, residential schools	25	35
Total Tuition Fees and Education Contracts	346	538
4 Other Grants and Contracts		
European Social Fund	275	830
<u>Other grants:-</u>		
Digiskills	53	76
Jobs Growth Wales	-	3
Other Grants and Contracts	219	299
Total Other Grants and Contracts	547	1,208
5 Other Income		
Release of capital for non DfES grants (note 23)	24	26
Catering and residence	-	(4)
Individual Subscriptions, Affiliations, Donations	3	4
Other miscellaneous	13	93
Reimbursement of Staff Time	38	-
Welsh / Bilingualism	29	55
CCLN/VLN Partnership	43	47
Course cost recovery / room rental	285	110
Total Other Income	435	331
6 Branch income	-	1
7 Endowment and Investment Income		
Interest receivable	2	3
Total Endowment and Investment Income	2	3
8 Profit on sale of Fixed Assets	-	417
9 Pension finance income	121	66

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

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

		Year Ended 31 July 2015 No.	Year Ended 31 July 2014 No.
Teaching staff	Teaching Staff	36	52
Non teaching staff	Other staff	98	109
		134	161
		Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Staff Costs for the above persons			
Wages and Salaries		3,563	4,009
Social security costs		215	254
Other pension costs (including FRS 17 adjustments (note 39))		575	574
Payroll sub-total		4,353	4,837
Contracted out staffing services		78	17
		4,431	4,854
Exceptional Redundancy / restructuring costs		99	155
		4,530	5,009
Pension Deficit payment		5	27
Pension deferment adjustment		(78)	-
Total Staff costs		4,457	5,036

The number of senior post-holders and other staff who received emoluments, excluding pension contributions and redundancy payments but including benefits in kind, in the following ranges was:

	No. Senior post-holders		No. other staff	
	2015	2014	2015	2014
£70,001 to £80,000	1	1	-	-
£80,001 to £90,000	-	1	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000 *	-	1	-	-
	1	3	-	-

* This senior post-holder has been banded to reflect the annual contracted salary, however, left the organisation during the 2014. The emoluments disclosed in note 11 reflect the actual emoluments paid to this senior post-holder for the period.

Notes to the accounts (continued)**11 Senior Post Holders**

Senior post-holders are defined as the Chief Executive Officer (CEO) from 11/1/14, Principal to 10/1/14 and holders of other senior posts whom the Governing Body has selected for the purposes of the articles of government of the Institution relating to the appointment and promotion of staff who are appointed by the Governing Body

	Year Ended 31 July 2015 No.	Year Ended 31 July 2014 No.
The number of senior post-holders including CEO:	<u>1</u>	<u>3</u>
	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Senior post-holder's emoluments are made up as follows:		
Salaries	73	160
Redundancy Costs	-	58
Block Car allowance	1	2
Employer's Pension Contributions	<u>16</u>	<u>20</u>
Total emoluments	<u>91</u>	<u>240</u>

The above emoluments are the actual emoluments paid to the senior post-holders and include amounts payable to the CEO being the highest paid senior post-holder for the period stated:

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Salaries	73	68
Block Car allowance	1	1
Employer's Pension Contributions	<u>16</u>	<u>15</u>
Total emoluments	<u>91</u>	<u>84</u>

The pension contributions in respect of the CEO and senior post-holders are in respect of employer's contributions to the Local Government Pension Scheme and WEA Pension Trust and are paid at the same rate as for other employees.

The members of the Governing Body are not paid for their duties, with the exception of the CEO. The other governors including staff governors do not receive any payment for the Association for their duties as governors, other than the reimbursement of travel and subsistence.

Notes to the accounts (continued)

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
12 Other Operating Expenses		
Teaching costs	252	556
Non teaching costs		
Teaching support services	193	235
Other support services:	83	57
Administration and central services	633	529
Marketing & Publicity	26	89
Premises Costs	464	468
Consultancy	46	10
Other expenses	20	284
Catering and Residence	-	2
Bad debts	-	61
Total	1,717	2,291

Other operating expenses include:

Auditors' Remuneration:

External audit	Finance	17	47
	Other	2	7
		19	54
Internal audit		15	19

13 Interest and Other Finance Costs

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Interest on Loan	5	-
Total	5	-

14 Taxation

The trustees do not believe the Association, 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

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
The Association's surplus for the year	105	69

Notes to the accounts (continued)

16 Tangible Fixed Assets	Freehold Land & Buildings £'000	Property Improvements £'000	Equipment £'000	Furniture, Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost at 1 August 2014	2,733	79	2,238	68	7	5,125
Additions	345	-	89	44	-	478
Disposals	-	-	-	-	-	-
At 31 July 2015	3,078	79	2,327	112	7	5,603
Depreciation						
As at 1 August 2014	1,649	79	2,117	61	7	3,913
Disposals	-	-	-	-	-	-
Charge for period	102	-	83	11	-	196
As at 31 July 2015	1,751	79	2,200	72	7	4,109
Net Book Value at 31 July 2015	1,327	-	127	40	-	1,494
Net Book Value at 31 July 2014	1,084	-	121	7	-	1,212

The Association'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. However the transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values on transition to FRS 15 have been retained.

17 Investments	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Endowment Assets		
Balance at 1 August	1,018	1,010
Purchases of assets	848	316
Sales of assets	(852)	(332)
Revaluation of endowment assets	0	-
Appreciation of endowment asset	19	5
Movement in cash balances	13	19
Balance at 31 July	1,046	1,018
Represented by:		
Equities	850	835
Cash and deposits	46	33
Land	150	150
	1,046	1,018

A valuation of heritage assets reflects appreciation to their value indicated by the sale proceeds from the sale of the assets after the end of the financial year

18 Debtors	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Trade debtors	189	553
Prepayments and accrued income	322	221
	511	774

Notes to the accounts (continued)

	Year Ended 31 July 2015	Year Ended 31 July 2014
	£'000	£'000
19 Creditors: amounts falling due within one year		
Bank Loans	11	
Trade Creditors and accruals	646	1,026
HMRC creditors	131	81
Payments received in advance	50	313
	838	1,420

20 Creditors: amounts falling due after one year

Bank Loans	183	-
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21 Bank loans and overdrafts

	Year Ended 31 July 2015	Year Ended 31 July 2014
	£'000	£'000
Bank loans and overdrafts are repayable as follows:-		
In 1 year or less	11	-
Between two and five years	44	-
In five years or more	139	-
Total	194	-

The above loan from Lloyds Bank is secured by a first legal charge over freehold property at 9 Coopers Yard, an unlimited debenture from WEA Cymru

22 Provisions for Liabilities and charges

	Year Ended 31 July 2015	Year Ended 31 July 2014
	£'000	£'000
Enhanced Pension Provision		
At 1 August	97	107
Expenditure in the year	(10)	(10)
At 31 July	87	97

The enhanced pension provision relates to the projected costs for 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 Capital Grants

	Other	Welsh Government	Total
	£'000	£'000	£'000
At 1 August 2014	117	453	570
Capital Grants received	-	-	-
Released to income & expenditure account	(30)	(50)	(80)
At 31 July 2015	87	403	490

Notes to the accounts (continued)

24 Endowments

	Period Ended 31 July 2015						Total
	Works of Art Fund	Bursaries & Scholarships Fund	Hardship Fund	Books, Prizes & Learning Support Materials Fund	General Purposes Fund	Buildings Fund	
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	-	203	-	818	25	-	1,046
Split of Endowments							
Endowments Investments	-	50	-	823	23	-	896
Endowments Fixed Assets	-	150	-	-	-	-	150
	-	200	-	823	23	-	1,046
Period Ended 31 July 2014							
							Total
	Works of Art Fund	Bursaries & Scholarships Fund	Hardship Fund	Books, Prizes and Learning Support Materials Fund	General Purposes Fund	Buildings Fund	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2013 as previously stated	-	196	-	780	34	-	1,010
Appreciation of Endowment Investments	-	2	-	2	1	-	5
Investment Income for year	-	2	-	16	2	-	20
Draw down from Endowments	-	-	-	-	(14)	-	(14)
Investment Management Expenses	-	(1)	-	(2)	-	-	(3)
At 31 July 2014	-	199	-	796	23	-	1,018
Split of Endowments							
Endowments Investments	-	49	-	796	23	-	868
Endowments Fixed Assets	-	150	-	-	-	-	150
	-	199	-	796	23	-	1,018

25 Revaluation Reserve

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
At 1 August	230	321
Transfer from Revaluation Reserve to General Reserve in respect of:		
Depreciation on revalued assets	(20)	(41)
Revaluation of fixed assets	-	(50)
At 31 July	210	230

Notes to the accounts (continued)

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
26 Cash at Bank and in hand		
Cash	1	2
Co-op Current Account	10	-
Co-op Deposit Account	196	919
Handelsbanken Current Account	393	-
Handelsbanken Deposit Account	5	-
Branch Bank Accounts	23	23
WG Access Fund Account	-	21
Barclays Accounts	64	110
HSBC	3	3
Natwest	-	(1)
	<u>695</u>	<u>1,077</u>
Special Fund Accounts:		
Development Fund Account	0	122
Keith Evan's Fund Account-restricted	5	4
Alwyn Evan's Fund Account-restricted	5	6
Dil Llewellyn Fund Account-restricted	-	-
Total Cash at Bank and in hand	<u><u>705</u></u>	<u><u>1,209</u></u>
27 Movement on General Reserves	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
Income & Expenditure Account Reserve		
At 1 August	(507)	(573)
Surplus for the year on continuing operations	105	69
Transfer from revaluation fund	20	-
Actuarial gain/ (loss) in respect of pension scheme (note 39)	(398)	(3)
	<u>(780)</u>	<u>(507)</u>
Branch reserves		
At 1 August	23	23
Movement for year	-	-
	<u>23</u>	<u>23</u>
Development fund reserve		
At 1 August	160	160
Movement for year	-	-
	<u>160</u>	<u>160</u>
Total general reserve	<u><u>(597)</u></u>	<u><u>(324)</u></u>
Balance Represented by:		
Pension reserve	(1,489)	(1,193)
Income and expenditure account reserve excluding pension reserve	892	869
As at 31 July	<u><u>(597)</u></u>	<u><u>(324)</u></u>
Restricted Reserves		
Keith Evan's Fund Account	5	4
Alwyn Evan's Fund Account	5	6
Dil Llewellyn Fund Account	-	-
As at 31 July	<u><u>10</u></u>	<u><u>10</u></u>

Notes to the accounts (continued)

		Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
28	Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities		
	Surplus/(Deficit) on continuing operations after depreciation of assets	105	69
	Depreciation	196	197
	Deferred capital grants released to income	(80)	(112)
	Revaluation depreciation within income	-	(41)
	Profit on Sale of Fixed Assets	-	(417)
	Drawdown from endowments	-	(14)
	FRS 17 Pension cost less contributions payable (note 40)	19	(6)
	FRS 17 Pension finance (income) / costs	(121)	(66)
	(Increase)/decrease in debtors	263	403
	Increase/(decrease) in creditors (excluding unrepresented payments)	(593)	124
	Increase/(decrease) in provisions	(10)	(10)
	Interest receivable	(2)	(3)
	Interest payable	5	-
	Net cash inflow/(outflow) from operating activities	(218)	124
29	Returns on Investments and Servicing of finance (RISF):		
	Interest Received - Deposit account	1	1
	Other interest	1	2
	Income from Endowments	9	17
	Interest paid	(5)	-
	Net cash inflow from RISF	6	20
30	Capital Expenditure:		
	Payments of tangible fixed assets	(478)	(69)
	Sale of Fixed Assets	-	599
	Payments to purchase endowment assets	(848)	(316)
	Payments from sale of endowment assets	852	332
	Net cash inflow/(outflow) from capital expenditure	(474)	546
31	Management of Liquid Resources:	-	-
31a	Financing: Debt due beyond a year: New secured loan repayable by 2030	203	-
	Repayment of loan	(9)	-
	Net cash inflow from financing	194	-
32	Analysis of changes in net funds	1 August 2014	31 July 2015
		£'000	£'000
	Cash in Hand and at bank	1,199	695
	Restricted Funds	10	10
	Endowment Asset investments	33	46
		1,242	751
	Debt due within 1 year	-	(11)
	Debt due after 1 year	-	(183)
	Current Asset investment	1	-
	Total	1,243	557

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 Capital Commitments

There were no capital commitments at year end.

35 Financial Commitments

At 31 July 2015 the Association had annual commitments under non-cancelable operating leases as follows:

	Year Ended 31 July 2015		Year Ended 31 July 2014	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Expiring within one year	61	10	30	4
Expiring between two and five years	131	14	78	8
Expiring in over five years	4	-	-	-
	196	24	108	11

36 Contingent Liability

Under the terms of the Financial Memorandum the Association is liable to repay to the Welsh Government (WG) any funds received if the Association fails to comply with any terms and conditions which were attached to the funds. The WG has indicated that not all conditions were complied with around the area of volume of delivery. However, the WG has not yet indicated what the potential repayment might be.

The provision made within these accounts has been carried forward to take account of the potential repayments as at July'15

The Association has also received European Funding during the year and previous years, which is subject to similar repayment provisions. The Governors consider it unlikely that any material liability will arise as a result of the repayment provisions attaching to these grants.

37 Related Party Transactions

Owing to the nature of the Association'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 Association's financial regulations and normal procurement procedures.

The total expenses paid to Governors during the year was £5,012.46; 20 Governors (2013/14: £4,723; 39 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 two staff Governors who received remuneration to the value of £76,445 from the Association during the year. No Governor has received waived payments from the Association during the year. (2014: 3 Governors received remuneration for services to the value of £2,307. There were no staff Governors during this period).

Caia Park Partnership Ltd - the Chief Officer is Alison Hill, who is a Governor of the Association. It is a community development organisation in Wrexham, whose accommodation is used for the Association's educational provision and as an area office. There was an agreement during the year between Caia Park Partnership Ltd and the Association to offset income due against expenditure incurred with the Association paying the balance at year end. Therefore, the only transactions that took place in the period were:

Purchase transactions in the period amounted to £2,436 (2014: £5,538)
There were no Income transactions in the period (2014: £1,800).

As at 31/7/15 there was a balance of £8,457.14 owed to CAIA Park Partnership Ltd (2014: £11,710.64)

Notes to the accounts (continued)**38 AMOUNTS DISBURSED AS AGENT****a) Financial Contingency Fund (FCF)**

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
At 1 August	-	3
Adjustment from previous year	-	(1)
WG Grants	58	59
Interest earned	-	-
	58	61
Paid to third party *	42	22
Disbursed to students **	14	37
Other including admin costs	2	2
At 31 July	-	-

Welsh Government FCF grants are available solely for eligible students.

* Where the Association has paid a third party, the related Income and Expenditure has been consolidated in the Association's financial statements.

** Where the Association acts as a paying agent the grants and related disbursements have been excluded from the Income and Expenditure account.

	Year Ended 31 July 2015 £'000	Year Ended 31 July 2014 £'000
b) Bursaries		
At 1 August	6	(23)
Received in Year	-	36
	6	13
Less disbursements in Year:		
Long Course Bursaries	6	4
Short Course Bursaries	-	3
	6	7
At 31 July	0	6

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

Notes to the accounts (continued)

39 Pension and Similar Obligations

The Association 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 defined benefit schemes.

Total pension cost for the year	2014-15		2013-14	
	£'000	£'000	£'000	£'000
Teachers Pension Scheme (TPS): contributions paid		159		153
WEA Pension Trust Scheme		18		33
Local Government Pension Scheme:				
Contributions paid Cardiff & Vale of Glamorgan (CVG)	255		223	
Contributions paid Gwynedd (GC)	124		171	
FRS 17 charge Cardiff & Vale	2		38	
FRS 17 charge Gwynedd	17		(44)	
Charge to the Inc & Exp Account (staff costs)		398		388
Enhanced pension charge to Inc & Exp Account (Staff costs)		-		-
Total Pension Cost for Year		575		574

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 £61,133 (2014: £66,351) were payable to the scheme at 31st July and are included within creditors: GC £13,972; CVG £25,656; TPS £21,505.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory defined benefit scheme. The regulations under which the TPS operates are 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 in England and Wales maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in 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 teachers and lecturers are 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)

39 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:

- employer contribution rates were set at 16.4% of pensionable pay;
- 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 will be 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 £159,125 (2014: £153,299)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Association is unable to identify its share of the underlying assets and liabilities of the scheme

Accordingly, the Association has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Association has set out above the information available on the scheme and the implications for the association in terms of anticipated contribution rates.

Local Government Pension Scheme

The Local Government Pension Scheme (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 2015 was £485K of which employer's contributions totalled £379K (which included £8k capital cost of early retirement) and employees' contributions totalled £106K. 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 7.5% for employees, depending on salary.

Notes to the accounts (continued)**39 Pension and Similar Obligations (continued)****FRS 17 - Cardiff & Vale of Glamorgan LGPS****Principal Financial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary:

	At 31 July 2015 (% p.a.)	At 31 July 2014 (% p.a.)
Discount rate for liabilities	3.6	4.1
Rate of increase to pensions in payment	2.1	2.2
Rate of revaluation of pension accounts	2.1	2.2
Rate of general increase in salaries	3.1	3.2

Mortality Assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies resulting from the mortality assumptions are:

	At 31 July 2015 (years)	At 31 July 2014 (years)
Assumed life expectancy at age 65		
<i>Member aged 65 at accounting date</i>		
Male	23.8	23.7
Female	26.7	26.6
<i>Member aged 45 at accounting date</i>		
Male	25.8	25.7
Female	29.0	28.9

Asset allocation and expected return on assets

	Value at 31 July 2015 %	Value at 31 July 2014 %
Equities	76.9	78.0
Property	6.1	5.5
Government bonds	6.9	6.9
Corporate bonds	7.6	8.0
Cash	2.3	1.3
Other	0.2	0.3
Total	100	100
Expected rate of return on assets	* N/A	6.8% p.a.

* The adoption of FRS 102 in the next accounting period removes the requirement to recognise an expected return on asset item in the profit and loss charge. This item will be replaced with a net financing charge which is based on the discount rate assumption. As the expected return on assets is based on the assumption at the start of the accounting period, assumptions for the expected return on assets are not required at 31 July 2015.

Notes to the accounts (continued)**39 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)****Reconciliation of funded status to Balance Sheet**

	For year ending 31 July 2015 £'000	For year ending 31 July 2014 £'000
Fair value of assets	3,465	2,830
Present value of funded liabilities	3,598	2,865
Pension asset / (liability) recognised on the Balance Sheet	(133)	(35)

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%

Analysis of the amount charged to Income and Expenditure (I & E) account

	£'000	£'000
Current service cost	257	261
Interest cost	123	138
Expected Return on Employer Assets	(199)	(176)
Pension expense recognised in the I & E account	181	223

Analysis of pension finance income / (costs)

	£'000	£'000
Expected return on pension scheme assets	199	176
Interest on pension liabilities	(123)	(138)
Pension finance income/ (costs)	76	38

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL)

	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	122	(18)
Actuarial gains/(losses) on scheme liabilities	(294)	434
Actuarial gain/(loss) recognised in STRGL	(172)	416

Movement in surplus / (deficit) during the year

	£'000	£'000
Surplus/(Deficit) in scheme at 1 August	(35)	(451)
Movement in year:		
Current service costs	(257)	(261)
Contributions by Employer	255	223
Other pension finance (costs) / income	76	38
Actuarial gain/(loss)	(172)	416
Surplus/(Deficit) in scheme at 31 July	(133)	(35)

Actual Return on Assets

	£'000	£'000
Expected return on assets	199	176
Actuarial gain / (loss) on assets	122	(18)
Actual return on assets	321	158

Notes to the accounts (continued)**39 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)****Asset and Liability Reconciliation**

Reconciliation of Liabilities	year ending 31 July 2015 £'000	year ending 31 July 2014 £'000
Opening present value of liabilities	2,865	2,863
Current Service Cost	257	261
Interest cost	123	138
Employee contributions	75	65
Actuarial (gain) / loss *	294	(434)
Net Benefits paid out #	(16)	(28)
Liabilities at end of period	3,598	2,865

* includes changes to the actuarial assumptions

Includes an approximate allowance for the expected cost of death in service lump sums.

Reconciliation of Assets	year ending 31 July 2015 £'000	year ending 31 July 2014 £'000
Opening fair value of assets	2,830	2,412
Expected return on assets	199	176
Actuarial gain/(loss) on assets	122	(18)
Employer contributions	255	223
Employee contributions	75	65
Net benefits paid out #	(16)	(28)
Closing fair value of assets	3,465	2,830

Includes an approximate allowance for the expected cost of death in service lump sums.

Deficit contributions

The Association 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.

History of experience gains and losses

	For year ending 31 July			
	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Difference between the expected and actual return on scheme	122	(18)	269	(104)
Experience gains/(losses) on scheme liabilities #	6	150	(1)	(5)
Total amount recognised in STRGL	(172)	416	108	(262)

This item consists of gains / (losses) in respect of liability experience only, and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

Notes to the accounts (continued)**39 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS****Financial Assumptions**

	At 31 July 2015 (% p.a.)	At 31 July 2014 (% p.a.)
Discount Rate	3.6	4.0
Pension Increase Rate	2.6	2.7
Expected Return on Assets	3.6	5.9
Salary Increase Rate	4.5	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 assumed life expectations on retirement age 65 are:

	At 31 July 2015 (years)	At 31 July 2014 (years)
Assumed life expectancy at age 65		
<i>Member aged 65 at accounting date</i>		
Male	22.0	22.0
Female	24.0	24.0
<i>Member aged 45 at accounting date</i>		
Male	24.4	24.4
Female	26.6	26.6

Breakdown of the expected return on assets by category

	At 31 July 2015 (% p.a.)	At 31 July 2014 (% p.a.)
Equities	3.6	6.6
Property	3.6	4.7
Bonds	3.6	3.3
Cash	3.6	3.6

The expected rates of return are set equal to the discount rate (as per the forthcoming FRS102 disclosure requirements)

Fair Value of employer assets

	At 31 July 2015 £'000	At 31 July 2014 £'000
Equities	3,813	3,578
Property	522	435
Bonds	731	725
Cash	157	97
Total	5,223	4,835

The above asset values as at 31 July 2015 are at bid value as required under FRS17

Notes to the accounts (continued)**39 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS (continued)**

Analysis of the amount charged to Income and Expenditure (I & E) account	year ending 31 July 2015 £'000	year ending 31 July 2014 2014 £'000
Current service cost	131	127
Past service cost / (gain)	6	-
Interest cost	239	240
Expected Return on Employer Assets	(284)	(268)
Losses / (gains) on Curtailments and Settlements	4	-
Pension expense recognised in the I & E account	96	99
Analysis of pension finance income / (costs)	£'000	£'000
Expected return on pension scheme assets	284	268
Interest on pension liabilities	(239)	(240)
Pension finance income/ (costs)	45	28
Actuarial gain recognised in the Statement of Total Recognised Gains and Losses (STRGL)	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	134	(674)
Actuarial gains/(losses) on scheme liabilities	360	255
Actuarial gain/(loss) recognised in STRGL	(226)	(419)
Movement in surplus / (deficit) during the year	£'000	£'000
Surplus/(Deficit) in scheme at 1 August	(1,158)	(811)
Movement in year:		
Current service costs	(131)	(127)
Contributions by Employer	124	171
Past service costs	(6)	-
Curtailments/Settlements	(4)	-
Other pension finance (costs) / income	45	28
Actuarial gain/(loss)	(226)	(419)
Surplus/(Deficit) in scheme at 31 July	(1,356)	(1,158)
Actual Return on Assets	£'000	£'000
Expected return on assets	284	268
Actuarial gain / (loss) on assets	134	(674)
Actual return on assets	418	(406)

Notes to the accounts (continued)**39 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS (continued)****Asset and Liability Reconciliation**

Reconciliation of Liabilities	year ending 31 July 2015 £'000	year ending 31 July 2014 £'000
Opening present value of liabilities	5,993	5,104
Current Service Cost	131	127
Interest cost	239	240
Employee contributions	32	34
Actuarial (gain) / loss	360	674
Net Benefits paid out	(186)	(186)
Past Service cost	6	-
Curtailments and settlements	4	-
Liabilities at end of period	6,579	5,993

Reconciliation of Assets	year ending 31 July 2015 £'000	year ending 31 July 2014 £'000
Opening fair value of assets	4,835	4,293
Expected return on assets	284	268
Actuarial gain/(loss) on assets	134	255
Employer contributions	124	171
Employee contributions	32	34
Net benefits paid out	(186)	(186)
Closing fair value of assets	5,223	4,835

History of experience gains and losses	For year ending 31 July			
	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Difference between the expected and actual return on scheme	134	(674)	487	(227)
Experience gains/(losses) on scheme liabilities	55	(114)	-	(54)
Total amount recognised in STRGL	(226)	(419)	380	(698)