



Report and Financial Statements for the year ended 31 July 2017

Addysg Oedolion Cymru | Adult Learning Wales
Formerly known as WEA YMCA CC Cymru



Company number: 3109524

CONTENTS	Page number
Strategic Report of Governing Body	2
Statement of Corporate Governance and Internal Control	13
Governing Body's statement on the Organisation's regularity, propriety and compliance with Funding body terms and conditions of funding	18
Statement of Responsibilities of the Members of the Council of the Organisation	19
Independent Auditors' Report to the Council	21
Independent Auditors' report on regularity to the Council	23
Statement of Comprehensive Income	24
Statement of Changes in Reserves	25
Balance Sheet as at 31 July 2017	26
Consolidated Statement of Cash Flows	27
Notes to the Accounts and Accounting Policies	28

Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

The Council present their report and the audited financial statements for the year ended 31 July 2017.

1.1 Legal status

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

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

1.2 Purpose

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

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

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

Our Vision:

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

Our Mission:

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

Our Values:

- Community-led ethical principles
- Equality of opportunity
- Learning Excellence
- Inclusivity
- Honesty with Integrity

Our Behaviours:

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

Our Core Priorities:

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

1.4 Policy Context

In terms of policy, the recent launch of the national strategy '*Prosperity for All*' by the Welsh Government (WG), sets out key themes for delivery in Wales including a commitment to improved education, training, and lifelong learning. This is underpinned by the programme for Government 2016-2021 '*Taking Wales Forward*' and supports the long-term focus on preparing for future generations as set out in the '*Wellbeing and Future Generations Act*'. With a clear remit in place to improve health and wellbeing, education and training, skills, and employment prospects, we have an important contribution to make to support the success of this agenda. This policy development builds on the work of the *South Wales Valleys Taskforce* which was established in 2016.

The AOC|ALW strategic plan (2016-19) sets out priorities which strongly match the ambitions of the WG's 2017 **Adult Learning in Wales policy**. The Minister for Welsh Language and Lifelong Learning, Eluned Morgan, is clear in her vision where she sees the importance of adult learning which '*supports the development of skills, improves health and wellbeing and is a catalyst for social engagement and integration*'. The policy highlights the strengths of partnership working and Third Sector engagement - a real strength within our organisation. With a focus on supporting those in greatest need of help, the policy expects Adult Community Learning (ACL) providers to prioritise key areas: essential, digital and employability skills, a focus on older learners, social engagement, 'hook' courses and engagement activity, together with Welsh medium provision.

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

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

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

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

A report commissioned by WG in 2016 presents the findings of a *Review of Adult Community Learning in Wales*. The aim of this review was to provide evidence on the nature and value of ACL in Wales as delivered by Local Authorities and Further Education (FE) Institutions, to inform future policy development. A consultation exercise has commenced to determine the shape of ACL provision through the adult learning grant. The recently commissioned *Weingarten Review of Systems for Monitoring and Improving the Effectiveness of Post-Compulsory Education in Wales* will provide recommendations in a report due for release in March 2018.

1.5 Governance and Management

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

1.6 Financial objectives

The Organisation's financial objectives are:

- to achieve an annual operating surplus.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances.
- to generate sufficient levels of income to support the asset base of the Organisation.
- to further improve the Organisation'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 whilst taking all reasonable opportunities to make efficiency gains. In addition, meeting student growth is imperative in order to ensure the projected income streams.

1.7 Quality controls

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

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

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

The Organisation's major plans are its 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.

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Strategic Plan

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

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

The plan identifies four strategic aims.

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

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

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

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

Underpinning these aims are objectives and targets to develop the organisation and to give staff, volunteers and other stakeholders clear priorities and show how their role will contribute to the organisation's future. The strategic aims map to our other organisational frameworks including finance, curriculum, quality and audit, and to regional, operational and business plans. Key performance indicators (KPIs) are identified to monitor progress

of the strategic plan. These will be monitored as part of routine business by Senior Management Team (SMT) and our Committee and Council structure.

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

2.2 Student numbers

In 2016/17 the Organisation recruited 15,048 learners, 56% female and 44% male. In terms of the ratio of accredited to non-accredited, in 2016/17, 88.6% of GLCH (Guided Learner Contact Hours) were delivered through accredited courses. *Completion rates are at 98% overall (2% above National Comparators), Attainment rates are at 90% (2% above National Comparators) with Successful Completion at 89% (4% above National Comparators). *Completion includes accredited and non accredited provision.

National Comparators (NCs) are 15/16 data and are taken from National Statistics for Wales document Statistical First Release 9/2017 (Page 16). NCs for 16/17 are due to be published in May 2018.

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	Guided Learner Contact Hours	Comp %	Attain %	Success %
1	Health, Public Services & Care	8,889	116,626	99%	93%	92%
2	Science & Mathematics	281	4,514	95%	82%	78%
3	Agriculture, Horticulture & Animal Care	399	5,794	97%	87%	85%
4	Engineering & Manufacturing Technology	1,316	12,346	100%	89%	89%
5	Construction, Planning & Built Environment	122	3,023	100%	99%	99%
6	Information & Communication Technology	2,258	25,327	98%	83%	81%
7a	Retailing & Customer Care	321	2,868	100%	91%	91%
7b	Hair & Beauty	96	1,016	98%	89%	87%
7c	Hospitality & Catering	403	6,564	94%	95%	88%
8	Leisure, Travel & Tourism	64	614	100%	83%	83%
9a	Performing Arts	443	15,840	95%	92%	89%
9b	Art & Design	2,753	46,824	97%	80%	78%
10	History, Philosophy & Theology	203	4,162	97%	93%	93%
11	Social Sciences	226	14,863	94%	90%	84%
12	Languages, Literature & Culture	606	8,358	97%	83%	81%
12a	Welsh for Adults	70	540	100%	93%	93%
12b	Welsh, English and Other Languages	14	980	93%	100%	93%
13	Education & Training	525	14,639	99%	87%	86%
14a	Independent Living Skills	427	6,945	100%	93%	92%
14b	Adult Basic Education	2,513	28,274	97%	86%	84%
14c	Foundation for Work	4,883	53,503	99%	93%	92%
14d	English for Speakers of Other Languages	3,795	79,825	97%	86%	83%
15	Business, Administration and Law	2,391	42,364	99%	97%	96%
Total		32,998	495,808	98%	90%	89%

Completion percentages include both accredited and non-accredited provision whereas Attainment and Success percentages include only accredited provision. 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: Health & Social Care; Foundation for Work; English for Speakers of Other Languages (ESOL); Creative Arts and Design; Adult Basic Education; and Trade Union Studies (categorised as Business Management).

We have continued our work with asylum seekers and with ethnic minority groups. 8.7% of our learners in 2016/17 were from minority ethnic communities. We continue to target the most disadvantaged areas and 54.5% of our learners live in areas of deprivation. Just over half of our learners are female at 56% in 16/17 which compares to 55% in the 15/16 academic year; and 79% of our learners are aged between 20 and 60.

2.5 Curriculum developments

Provision for 2016/17 was an aggregate of workplace / trade union studies, regional and national curricula administered from the Organisation's offices and the Coleg Harlech site. For Welsh Government and Estyn purposes, all learning came under Adult Community Learning. A significant proportion of learning focused on employability and accessing language skills with elements of this being supported through project funding, particularly through the English Language Requirement programmes. The provision continued to target adult learners with high barriers to entry, particularly from Communities First areas and those with the lowest skills levels, whilst retaining support and provision for all utilising the Organisation's branch structure, regional fora, strong local partnerships and networks. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers. Some of this was supported through the Wales Union Learning Fund (WULF). Full cost recovery / income generation either through delivery or accreditation services remained a focus.

Negotiation with learners and partners was on-going throughout the year with a majority of provision delivered utilising a partnership approach, enabling learners from the hardest to reach communities in Wales to be engaged whilst offering a quality focused, cost effective service. The range of provision and levels continued to be broad spanning all levels from pre-entry to level 3. The organisation is offering Essential Skills Wales qualifications which cover Communication, Application of Number, Digital Literacy and Employability Skills. Essential Skills Wales courses have an emphasis on transferability of skills and are designed to be applicable across a range of contexts.

AOC/ALW continues to offer a broad range of provision, consistent with Welsh Government policy drivers with a growing emphasis on essential skills, ESOL and employability skills. Non Welsh Government provision targets were introduced to underline the principle of co-investment as well as more closely aligning delivery of provision with the ACL policy priorities. Courses are both accredited and non-accredited and include enrichment activities to broaden the learning experience – for example day schools, lectures, trips to the Senedd, St Fagans and various residential courses as well as inclusion of a wide range of "tasters".

2.6 Future developments

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

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

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

3. RESOURCES

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

3.1 Financial

Financial objectives

The Organisation's financial objectives are:

- to achieve an annual operating surplus - this was not achieved and is largely due to the restructuring exercise that took place during the year.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances - this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – achieved, as during the year the Organisation was awarded several large grants in order to improve the assets across the organisation.
- to further improve the Organisation's shorter term liquidity – not achieved. Short term liquidity did not improve during the year but has stabilised given the large cash outflow in 2015/16.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

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

Financial results

The following table summarises performance for 2016/17 against 2015/16:

	2016/17	2015/16
Operating surplus/(deficit)	(£392k)*	(£490k)
Current ratio (current assets : current liabilities)	2.1:1	2.2:1
Staff costs as % of income	78.5%	80%
Welsh Government income as a % of total income	85%	84%
Total reserves	£1.8m	£1.2m
Cash balances	£1.85m	£1.9m
Net assets	£1.8m	£1.2m

Tangible fixed asset additions during the year amounted to £314k and were split between property improvements at £102k, equipment at £197k, and fixtures and fittings at £15k.

*During the year the following exceptional items had an impact on the Organisation's financial position as follows:

Income

1. Increase in Government grant which enabled the Organisation to purchase additional resources not originally budgeted for - £287k.
2. We were the benefactor in a Will which was originally understated in 15.16 - £109k.

Expenditure

1. Staff restructuring not originally budgeted for - £328k.
2. Additional IT revenue costs funded by increase in Government grants above – £200k.

If the above exceptional items were removed as well as adjustments made for non cash FRS 102 items, the Organisation would have a surplus of £22k.

Treasury policies and objectives

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

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

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

Investments

The Organisation has previously developed an ethical investment policy which is used to support its investments. At year end the Organisation held £1.032m within two separate investment funds managed by Brewin Dolphin.

Cash flows and Liquidity

At £268k (2015/16 (£135k)) operating cash flow has improved on the previous year. As a result there was a decrease in net funds for the year of £30k compared to 2015/16's decrease of £445k.

The current ratio which stands at 2.1:1 is down on the previous year (2.2:1). The financial position has stabilised which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves. These stood at £911k (£387k 15/16) at 31st July 17, thus the target (£1.6m) was not met largely due to the pension deficit of £1,547. The adoption of FRS 102 required the Organisation to change the method in calculating the defined benefit plan finance costs relating to the pension scheme. The target is in line with Charity Commission guidance and Welsh Government's suggested good practice for Further Education Institutions. All reserves are reported to and reviewed regularly at Resources Committee meetings, and expenditure from reserves is approved by Governors.

A three year budget has been developed from 2017/18 which will improve the levels of reserves.

Payment performance

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

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

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

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

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

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

During the period 1 August 2016 to 31 July 2017 the Organisation incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There are no post-balance sheet events to report.

3.2 Staffing

During the academic year there were 216 hourly paid teaching staff. As at 31 July 2017, there were 84 full time and 19 part time salaried support staff.

A CPD plan, based on the training needs recognised by the organisation and individuals, is implemented on an annual basis.

Professional Development Reviews for tutors enable the monitoring of teaching quality and the provision of support to teaching staff while identifying and fulfilling training and development needs. Appraisals for core staff continue to take place on as set out in accordance with the appraisal policy.

4. PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

4.1 Government funding

The Organisation has considerable reliance on continued government funding through the National Assembly for Wales with levels of funding due to increase by 1.25% for 2017/18.

This risk is mitigated in a number of ways:

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

4.2 Maintain adequate funding of pension liabilities

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

4.3 IT Infrastructure

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

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

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

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

5.1 Equal opportunities and employment of disabled persons

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

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

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

5.2 Disability statement

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

5.3 AOC/ALW and the Welsh Language

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

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

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

5.4 Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which AOC/ALW's auditors are unaware; and each member has taken all

the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Organisation's auditors are aware of that information.

Approved by order of the members of the Council 14th April 2018 and signed on its behalf by:

John Graystone
Chair of Governors

.....

Professional advisers

External auditors:

BTP Associates, Merthyr Tydfil

Bankers:

Handelsbanken, Cardiff

Internal auditors:

TIAA, Cardiff

Solicitors:

Eversheds, Cardiff

Statement of Corporate Governance and Internal Control

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

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

In the opinion of the Council, the Organisation complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2017.

THE COUNCIL

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

Name	Status / Category: 1 August 2016 to 31 March 2017 in italics; 1 April 2017 onwards in bold	Accession Date (if not 1 August 2015); date term ended; or resignation date	Committee Membership: 1 August 2016 to 31 March 2017 in italics; 1 April 2017 onwards in bold
John Graystone	<i>Chair; Appointed by WEA YMCA CC Cymru</i> Chair; Appointed		Cymraeg & Chymreictod Search (Chair)
Gerry Jenson	<i>Vice Chair; Appointed by WEA Cymru</i> Appointed		<i>Quality & Learner Experience (Chair), Curriculum</i> Learner Experience (Chair)
Rob Humphreys	<i>Vice Chair; Appointed by WEA Cymru</i>	Term ended 31 March 2017	<i>Search (Chair)</i>
Viv Davies	<i>Appointed by WEA Cymru</i>	Term ended 31 March 2017	<i>Curriculum (Chair), Vol. Movement, Search</i>
David Elis-Williams	<i>Appointed by WEA Cymru</i> Elected Regional Governor		<i>Finance & Gen. Purposes (Chair)</i> Resources (Chair)
Chris Franks	<i>Appointed by WEA Cymru</i> Elected Members' Governor		<i>Audit & Corporate Governance (Chair)</i> Audit (Chair)
Alison Hill	<i>Appointed by WEA Cymru</i>	Term ended 31 March 2017	<i>Staffing (Chair)</i>
Catrin James	<i>Appointed by YMCA Wales CC</i>	Term ended 31 March 2017	<i>Cymraeg & Chymreictod (Chair), Vol. Movement</i>
Val Williams	<i>Appointed by YMCA Wales CC</i>	Resigned 20 November 2016	<i>Vol. Movement (Chair), Cymraeg & Chymreictod</i>
Rhys Barfoot	<i>Learner Governor</i>	Term ended 31 March 2017	<i>Staffing</i>
Steve Drowley	<i>Appointed by YMCA Wales CC</i>	Term ended 31 March 2017	<i>Curriculum, Staffing</i>
Cerys Furlong	<i>Appointed by YMCA Wales CC</i>	Term ended 31 March 2017	<i>Audit & Corporate Governance, Quality & Learner Experience</i>
Julie Cook	<i>Appointed by WEA YMCA CC Cymru</i>	Term ended 31 March 2017	<i>Curriculum</i>
Mark A Isherwood	<i>Chief Executive</i>	Resigned 1 March 2017	<i>Cymraeg & Chymreictod</i>
June Jeremy	<i>Staff Governor</i> Staff Governor		<i>Finance & Gen. Purposes</i> Resources
Hayden Llewellyn	<i>Appointed by YMCA Wales CC</i>	Term ended 31 March 2017	<i>Audit & Corporate Governance, Staffing</i>

Becky Watson Stubbs	<i>Staff Governor</i>	Term ended 31 March 2017	<i>Finance & Gen. Purposes, Search</i>
Cathy Clark	<i>Learner Governor</i> Learner Governor		<i>Quality & Learner Experience, Vol. Movement</i> Learner Experience
Toni Schiavone	<i>Appointed by WEA Cymru</i> Elected Regional Governor; Vice Chair from 11 May 2017		<i>Cymraeg & Chymreictod, Finance & Gen. Purposes, Vol. Movement</i> Resources, Search
Sonia Reynolds	Elected Regional Governor; Vice Chair from 11 May 2017	1 April 2017	Audit, Search
Kaitlin Crisp	Learner Governor	1 April 2017	Learner Experience
Caroline Davies	Elected Regional Governor	1 April 2017	Learner Experience, Search
Gayle Hudson	Appointed	1 April 2017	Learner Experience
Glenys Hughes-Jones	Appointed	1 April 2017	Audit
Iwan Hywel	Appointed	1 April 2017	Resources
Dafydd Rhys	Staff Governor	1 April 2017	Learner Experience
Nick Taylor	Elected Regional Governor	1 April 2017	Resources
Heather Willbourn	Elected Regional Governor	1 April 2017	Resources
Marjorie Williams	Learner Governor	1 April 2017	Resources

The Council is provided with regular and timely information on the overall financial performance of the Organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Council meets a minimum of three times a year, and during 2016-17 met on seven occasions.

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 Council meetings, except those deemed to be confidential by the Council, are available from the Clerk to the Council at:

Stephen Thomas
Clerk to Council
AOC/ALW
7 Coopers Yard
Curran Road
Cardiff
CF10 5NB

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

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

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

Statement of Corporate Governance and Internal Control (continued)

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

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

Composition of the Council

The adoption of revised Articles of Association at the time of the re-naming of the Organisation also saw the formation of a new Council. Most Council members up to 31 March 2017 were appointed to their roles. From 1 April 2017 there were 12 elected members (variously nominated by Regional Forums, individual members, learners and staff) and up to 8 appointed members. The Council is responsible for ensuring that appropriate training is provided for its members as required. The Council adheres to the 2016 Code of Good Governance for Colleges in Wales.

Audit Committee

The Audit Committee comprises three members of the Council (excluding the Chair, learner governors and Resources Committee members). The Committee operates in accordance with written terms of reference approved by the Council.

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

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

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

The Audit 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.

The Search Committee is responsible for overseeing the appointment of Council members, making recommendations to the full Council to fill the vacancies that exist. The Diversity Categories and Skills Matrix for Governors, forming part of the Organisation's Standing Orders, inform the Search Committee's recruitment practices. All appointed governors in 2017 came through its' application of these norms.

INTERNAL CONTROL

Scope of responsibility

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

The Council has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which s/he is personally responsible, in

Statement of Corporate Governance and Internal Control (continued)

accordance with the responsibilities assigned to him or her in the Financial Memorandum between the Organisation and the Welsh Government. He or she is also responsible for reporting to the Council any material AOC/ALW weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control provides reasonable, not absolute, assurance of effectiveness and is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

The Organisation has an internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to which the Organisation is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Council on the recommendation of the Audit Committee. At minimum annually, the Chair of Audit Committee provides Council with a report on internal audit activity in the Organisation. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the Organisation's system of risk management, controls and governance processes.

Review of effectiveness

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

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

Statement of Corporate Governance and Internal Control (continued)

The Chief Executive has been advised on the implications of the result of her or his review of the effectiveness of the system of internal control by the Audit 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 Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Council's agenda includes a regular item for consideration of risk and control and it receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

GOING CONCERN

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

Approved by order of the members of the Organisation on 14th April 2018 and signed on its behalf by:

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

.....

.....

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

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

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

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

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

.....

.....

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by order of the Members of the Council of the Organisation on 14th April 2018 and signed on its behalf by:

John Graystone
Chair of Governors

.....

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

A COMPANY LIMITED BY GUARANTEE - 3109524

We have audited the financial statements of Addysg Oedolion Cymru/Adult Learning Wales ('the Organisation'), for the year ended 31 July 2016, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Standards, comprising FRS 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of the Governing Body (Council) and Auditor

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

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

Scope of the audit of the financial statements

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

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

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

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

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

Opinion on financial statements

In our opinion:

- a) the financial statements give a true and fair view of the state of the Organisation's affairs as at 31 July 2017 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 Statement of Recommended Practice – Accounting for Further and Higher Education, the provisions of the Companies Act 2006, and United Kingdom Generally Accepted Accounting Practice;
- c) proper accounting records have been kept; and
- d) the financial statements are in agreement with the accounting records.

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

In our opinion, in all material respects:

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

Huw Baker FCA
Senior Statutory Auditor
For and behalf of:

Btp Associates Ltd
Chartered Accountants
Merthyr Tydfil

Date:

Independent Auditors' Report on regularity to the Council of Addyst Oedolion Cymru | Adult Learning Wales and the Welsh Government

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 Addysg Oedolion Cymru | Adult Learning Wales ('the Organisation') for the year ended 31 July 2017 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 Organisation and the Welsh Government. Our review work has been undertaken so that we might state to the Organisation 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 Organisation 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 Organisation'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 Welsh Government. We report to you whether, in our opinion, in all material respects, the Organisation's expenditure and income for the year ended 31 July 2017 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 Welsh Government. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Organisation'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 Organisation for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- b) income has been applied in accordance with the Financial Memorandum with the Welsh Government.

Huw Baker FCA
Senior Statutory Auditor
For and on behalf of:

Btp Associates Ltd
Chartered Accountants
Merthyr Tydfil

Date:

Statement of Comprehensive Income

INCOME

	Notes	2017 £'000	2016 £'000
Welsh Government Grants	2	6,150	5,770
Tuition fees and education contracts	3	643	601
Other grants and contracts	4	277	271
Other income	5	40	56
Branch Income	6	5	-
Investment Income	7	2	6
Pension Finance Income	8	-	-
Donations and Endowments	9	112	181
Total Income		7,229	6,885

EXPENDITURE

Staff costs	10	5,519	5,482
Other operating expenses	12	1,814	1,654
Depreciation	16	235	185
Interest and other finance costs	13	53	54
Total expenditure		7,621	7,375
(Deficit)/Surplus before other gains and losses	15	(392)	(490)
Gain/(loss) on investments	17	88	47
(Deficit)/Surplus before tax		(304)	(443)
Taxation	14	-	-
(Deficit)/Surplus for the year		(304)	(443)
Revaluation Reserve movement	24	(210)	-
Actuarial gain/(loss) in respect of pensions schemes	33	1,117	(809)
Total Comprehensive Income for the year		603	(1,252)
Represented by:			
Restricted comprehensive income		(1)	1
Unrestricted comprehensive income		516	(1,300)
Endowment comprehensive income		88	47
		603	(1,252)

Statement of Changes in Reserves

	Income and Expenditure Reserve				Revaluation Reserve	Total
	Endowment		Other			
	Restricted £'000	Unrestricted £'000	Restricted £'000	Unrestricted £'000	£'000	£'000
Balance at 1st August 2015	761	285	10	1,184	210	2,450
Surplus/(deficit) from the income and expenditure account	-	-	1	(491)	-	(490)
Other comprehensive income	39	8	-	(809)	-	(762)
	39	8	1	(1,300)	0	(1,252)
Total comprehensive income for the year						
Balance at 31st July 2016	800	293	11	(116)	210	1,198
Surplus/(deficit) from the income and expenditure account	-	-	(1)	(391)	-	(392)
Other comprehensive income	80	8	-	1,117	-	1,205
Revaluation transfer					(210)	(210)
Total comprehensive income for the year	80	8	(1)	726	(210)	603
Balance at 31st July 2017	880	301	10	610	0	1,801

Balance Sheet as at 31 July

	Notes	2017 £'000	2016 £'000
Non current assets			
Tangible Assets	16	1,328	1,675
Endowment Assets	17	1,182	1,093
Total non current assets		2,510	2,768
Current Assets			
Debtors	18	416	418
Cash and cash equivalents	25	1,848	1,893
Total current assets		2,264	2,311
Less: Creditors - amounts falling due within one year	19	(1,078)	(1,031)
Net Current assets		1,186	1,280
Total assets less current liabilities		3,696	4,048
Creditors - amounts falling due after one year	20	(281)	(377)
Provisions			
Defined benefit obligations	21	(1,547)	(2,396)
Other provisions	21	(67)	(77)
Total net assets		1,801	1,198
Restricted Reserves			
Endowments	23	880	800
Other	26	10	11
Total restricted reserves		890	811
Unrestricted Reserves			
Endowments	23	302	293
Income and expenditure account	26	609	(116)
Revaluation Reserve	24	0	210
Total unrestricted reserves		911	387
Total Reserves		1,801	1,198

The financial statements on pages 24 - 52 were approved and authorised for issue by the Governing Body on 14th April 2018 and were signed on its behalf on that date by:-

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2017 £'000	2016 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		(392)	(490)
Adjustment for non-cash items			
Depreciation	16	235	185
Revaluation of Harlech		216	-
(Increase)/decrease in debtors	18	2	152
Increase/(decrease) in creditors due within one year	19	47	(13)
Increase/(decrease) in creditors due after one year	20	(96)	(55)
Increase/(decrease) in provisions	21	(10)	(10)
Pension costs less contributions payable	33	268	98
Adjustment for investing or financing activities			
Interest receivable		(2)	(6)
Interest payable		-	4
Net cash flow from operating activities		268	(135)
Cash flows from investing activities			
Investment income		2	6
Income from endowments	23	10	10
Payments made to acquire fixed assets	16	(314)	(105)
Payments made to acquire endowment assets	17	(307)	(636)
Proceeds from sale of endowment assets	17	351	632
Drawdown from Endowments	23	(40)	(20)
		(298)	(113)
Cash flows from financing activities			
Interest paid		-	(4)
New secured loans		-	-
Repayments of amounts borrowed		-	(193)
		0	(197)
Increase / (decrease) in cash and cash equivalents in the year		(30)	(445)
Cash and cash equivalents at beginning of the year	27	1,925	2,370
Cash and cash equivalents at end of the year	27	1,895	1,925

Notes to the Accounts

1. Accounting policies

Statement of accounting policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further & Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with the Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102) and Companies Act 2006. The Organisation is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Basis of Consolidation

The consolidated financial statements include the Organisation and its Branches for the financial year to 31 July 2017. Intra group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Going Concern

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

The Organisation has no loans outstanding as at 31st July 2017.

WEA Cymru and YMCA CC Cymru merged on 1st August 2015 to become WEA YMCA CC Cymru (The Organisation). YMCA CC Cymru was dissolved and the assets and liabilities transferred to the merged Organisation. On 5th November 2016 the Organisation was renamed Addysg Oedolion Cymru | Adult Learning Wales. The Organisation’s forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Accounting policies (continued)

Recognition of income

Revenue grant funding

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

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

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

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

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the Organisation is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

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

Investment income

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

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support funds, Financial Contingency Funds (FCF). Related payments received from the WG and subsequent disbursements to students totalling £5k (2016: £6k) are excluded from the Income and Expenditure of the Organisation where the Organisation is exposed to minimal risk or enjoys minimal economic benefit related to the transaction (note 32).

Where the Organisation has paid a third party direct, the related income and expenditure has been included within the Statement of Comprehensive Income (note 32).

Accounting policies (continued)

Accounting for post-employment benefits

Post-employment benefits to employees of the Organisation are provided by the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and for some former YMCA CC Cymru staff the Aviva Pension Scheme. The TPS and LGPS are defined benefit plans, which are externally funded and contracted out of the State Second Pension. Aviva is also a defined benefit plan with the assets of the plan being held in separate trustee administered funds.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Organisation in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Cardiff & Vale and Gwynedd Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately.

Short term Employment benefits

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

Enhanced Pensions

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

Accounting policies (continued)

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Certain items of fixed assets that have been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

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

Land & Buildings

Freehold and long leasehold buildings are depreciated on a straight line basis over their expected useful lives as follows:-

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

Freehold land is not depreciated as it is considered to have an infinite useful life.

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

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

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

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

Subsequent expenditure on existing tangible fixed assets

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

Accounting policies (continued)

Equipment

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

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Borrowing costs

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The Organisation has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

The Organisation does not have any finance leases.

Investments and Endowments

Listed investments held as current asset investments which relate to endowment assets, are stated at fair value, with movements recognised in Comprehensive Income.

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

Stocks

The Organisation does not hold stock.

Cash and cash equivalents

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

Accounting policies (continued)

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

Accounting policies (continued)

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- ***Tangible fixed assets***

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 33, will impact on the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the accounts (continued)

	Note	2017 £'000	2016 £'000
2 Welsh Government (WG) Grants			
WG Recurrent grant		5,500	5,396
Release of WG capital grants	22	298	37
Maintenance & other Capital funding		301	-
WG non recurrent grants		51	82
Reclaim provision adjustment		-	255
Total		6,150	5,770
3 Tuition Fees and Education Contracts			
Education Contracts		59	35
Tuition Fees		559	526
Other fees including exam fees		25	40
Total		643	601
4 Other Grants and Contracts			
European Social Fund		187	71
Other Grants and Contracts		90	200
Total		277	271
5 Other Income			
Release of other government capital grants	22	19	20
Individual Subscriptions, Affiliations, Donations		3	3
Reimbursement of staff salaries		1	-
Room rental		6	15
Other miscellaneous		11	18
Total		40	56
6 Branch income		5	-
7 Investment Income			
Interest receivable		2	6
Total		2	6
8 Pension finance income		-	-
9 Donations		112	181

Notes to the accounts (continued)

10 Staff Costs

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

	Note	2017 No.	2016 No.
Teaching staff		40	40
Non teaching staff		105	108
		145	148
		2017	2016
Staff Costs for the above persons		£'000	£'000
Wages and Salaries		3,848	4,097
Social security costs		319	266
Other pension costs	33	844	662
		5,011	5,025
Payroll sub total		5,011	5,025
Contracted out staffing services		238	209
		5,249	5,234
Fundamental redundancy / restructuring costs		270	248
		5,519	5,482
Pension deferment adjustment		-	-
Total Staff costs		5,519	5,482

11 Key management personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Organisation and are represented by the Senior Management Team which comprises the Chief Executive (Accounting Officer), Deputy Chief Executive (during 2016/17), Director of Finance, Director of HR and Support Services, Director of Quality, Director of IT & MIS, Director of Curriculum Delivery and Director of Business Development (during 2016 only). Staff costs include compensation paid to key management personnel for loss of office.

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

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	7	7

Notes to the accounts (continued)

11 Key management personnel (continued)

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following

	Key management personnel		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£40,001 to £50,000 p.a.	5	6	-	-
£50,001 to £60,000 p.a.		-	-	-
£60,001 to £70,000 p.a.	1	-	-	-
£70,001 to £80,000 p.a.	1	1	-	-
	<u>7</u>	<u>7</u>	<u>0</u>	<u>0</u>

Key management personnel compensation is made up as follows:

	2017 £'000	2016 £'000
Salaries - gross of salary sacrifice	495	358
Block Car allowance	3	4
Employer's National Insurance	<u>49</u>	<u>38</u>
	547	400
Employer's Pension Contributions	<u>58</u>	<u>47</u>
Total key management personnel compensation	<u>604</u>	<u>447</u>

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

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

	2017 £'000	2016 £'000
Salaries	81	76
Employer's National Insurance	<u>6</u>	<u>9</u>
	87	85
Employer's Pension Contributions	<u>4</u>	<u>6</u>

Compensation for loss of office paid to former key management personnel included within the bandings above:

	2017 £'000	2016 £'000
Compensation paid to 3 former post-holders - contractual	95	-
Compensation paid to 3 former post-holders - non contractual	44	-

The severance payments were approved by the Organisation's Council.

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

Notes to the accounts (continued)

	Note	2017 £'000	2016 £'000
12 Other Operating Expenses			
Teaching costs		229	225
Non teaching costs:			
Teaching support services		271	327
Other support services		70	97
Administration and central services		577	449
General Education		68	37
Premises Costs		350	408
Consultancy		26	111
Revaluation of Harlech adjustment	16	216	-
Branch Expenditure		7	-
Total		1,814	1,654

Other operating expenses include:

Auditors' Remuneration:

External audit	Financial	16	15
	Other	4	4
		20	19
Internal audit		13	9

13 Interest and other finance costs

	2017 £'000	2016 £'000
Pension finance costs	53	50
Interest on Loan	-	4
Total	53	54

14 Taxation

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

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

	2017 £'000	2016 £'000
The Organisation's surplus / (deficit) for the year	(392)	(490)

Notes to the accounts (continued)

16 Tangible Fixed Assets	Freehold	Long Leasehold	Property		Furniture,	Motor	Total
	Land & Buildings £'000	Land & Buildings £'000	Improve- ments £'000	Equip- ment £'000	Fixtures & Fittings £'000	Vehicles £'000	
Cost or valuation							
At 1 August 2016	3,078	272	165	2,485	129	7	6,136
Additions	-	-	102	197	15	-	314
Disposals	-	-	-	-	-	-	-
At 31 July 2016	3,078	272	267	2,682	144	7	6,450
Depreciation							
At 1 August 2016	1,828	37	96	2,406	87	7	4,461
Charge for the year	77	5	38	99	16	-	235
Revaluation of Harlech	426	-	-	-	-	-	426
Disposals	-	-	-	-	-	-	-
At 31 July 2016	2,331	42	134	2,505	103	7	5,122
Net Book Value at 31 July 2017	747	230	133	177	41	-	1,328
Net Book Value at 31 July 2016	1,250	235	69	79	42	-	1,675

The Harlech site was revalued during the year and the trustees took the view that this should be reflected within these statements. The NBV has been reduced to nil with the revaluation reserve and deferred income reserve reduced accordingly resulting in a net impact on the I & E of (£14k).

17 Investments

	2017 £'000	2016 £'000
Endowment Assets		
Balance at 1 August	1,093	1,046
Purchases of assets	307	636
Sales of assets	(351)	(632)
Revaluation of endowment assets	-	-
Appreciation of endowment	119	57
Movement in cash balances	14	(14)
Balance at 31 July	1,182	1,093
Represented by:		
Equities, Bonds, Other	984	911
Cash and deposits	48	32
Land	150	150
	1,182	1,093

18 Trade and other receivables

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade receivables	96	94
Prepayments and accrued income	320	324
	416	418

Notes to the accounts (continued)

19	Creditors: amounts falling due within one year		2017	2016
			£'000	£'000
		Notes		
	Trade payables		79	42
	Accruals - HMRC		78	85
	Accruals - holiday pay		62	70
	Accruals - other		654	675
	Deferred income - government capital	22	83	56
	Deferred income - other		122	103
	Total		1,078	1,031

20	Creditors: amounts falling due after one year			
	Deferred income - government capital	22	281	377
	Total		281	377

21	Provisions	Defined	Enhanced	Total
		£'000	£'000	£'000
	At 1 August 2016	(2,396)	(77)	(2,473)
	Expenditure in the period	(438)	(10)	(448)
	Additions in period	(411)	-	(411)
	At 31 July 2017	(1,547)	(67)	(1,614)

Defined benefit obligations relate to the liabilities under the Organisation's membership of the Local Government Pension Scheme. Further details are given in Note 33.

The enhanced pension provision relates to the projected costs of 3 former members of Coleg Harlech staff that left its employment by arrangement prior to the merger with the WEA (North Wales) in 2001. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision.

22	Deferred income - Government Capital Grants	£'000
	At 1 August 2016	433
	Additional funding received	248
	Released to income & expenditure account	(317)
	At 31 July 2017	364

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2017				
	Restricted	Unrestricted			Total
	Books, Prizes & Learning Supp Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes & Learning Supp Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2016 as previously stated	800	205	61	27	1,093
Appreciation of Endowment Investments	112	3	3	1	119
Investment Income for year	22	2	1	-	25
Draw down from Endowments	(40)	-	-	-	(40)
Investment Management Expenses	(14)	-	(1)	-	(15)
At 31 July 2017	880	210	64	28	1,182
Split of Endowments					
Endowments Investments	880	60	64	28	1,032
Endowments Fixed Assets	-	150	-	-	150
	880	210	64	28	1,182

The Fixed Asset Endowments of £150,000 above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. A further £152,000 of the Endowments Investments (divided between all three of the defined Funds) are unrestricted in their application. The headings of the unrestricted funds reflect historical decisions of Coleg Halech Workers' Educational Association North.

The majority of the Endowments total, however, is formed of the Tudor Bowen Jones Fund: this is a restricted fund of £880,000 included within the Books, Prizes and Learning Support Materials Fund above. Under the terms of the benefactor's will, the original capital amount that established this Fund is to be retained intact by the organisation until 2091. The income on that initial capital endowment can be drawn down in order to provide educational resources and materials for the Bowen Jones Library at Harlech and at other locations within the organisation's estate. In 2016-17 £2,482 of this income was used to purchase such materials at Harlech.

	Period Ended 31 July 2016				
	Restrctited	Unrestricted			Total
	Books, Prizes and Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes and Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2015 as previously stated	763	203	55	25	1,046
Appreciation of Endowment Investments	50	2	4	1	57
Investment Income for year	20	1	2	1	24
Draw down from Endowments	(20)	-	-	-	(20)
Investment Management Expenses	(13)	(1)	-	-	(14)
At 31 July 2016	800	205	61	27	1,093
Split of Endowments					
Endowments Investments	800	55	61	27	943
Endowments Fixed Assets	-	150	-	-	150
	800	205	61	27	1,093

Notes to the accounts (continued)**24 Revaluation Reserve**

	2017	2016
	£'000	£'000
At 1 August	210	210
Transfer from Revaluation Reserve to General Reserve in respect of:		
Revaluation of assets	(210)	-
At 31 July	0	210

The reduction in the revaluation reserve is a result of a revaluation of the Halrech site which was undertaken at the year end.

	2017	2,016
	£'000	£'000
25 Cash and Cash Equivalents		
	Note	
Cash	1	1
Co-op Bank accounts	28	23
Handelsbanken bank accounts	1,401	1,822
Branch Bank accounts	21	23
Barclays Bank accounts	387	10
HSBC	0	3
	1,838	1,882
Restricted Fund Accounts:		
Keith Evans Fund Account	5	5
Alwyn Evans Fund Account	5	6
Dil Llewellyn Fund Account	-	-
Total cash & cash equivalents	1,848	1,893

26 Movement on General Reserves

	2017	2,016
	£'000	£'000
Income & Expenditure Account Reserve		
At 1 August	(139)	1,160
Surplus for the year on continuing operations	(392)	(490)
Actuarial gain/ (loss) in respect of pension scheme	33 1,117	(809)
	586	(139)
Branch reserves		
At 1 August	23	23
Movement for year	-	-
	23	23
Total general reserve	609	(116)
Balance Represented by:		
Pension Reserve (FRS 102 (28))	33 (1,547)	(2,396)
Income and expenditure account reserve excluding pension reserve	2,156	2,280
As at 31 July	609	(116)
Restricted Reserves		
Keith Evans Fund Account (Summer School/Scholarship)	5	5
Alwyn Evans Fund Account (Residential/Scholarships)	5	6
As at 31 July	10	11

Notes to the accounts (continued)

27 Analysis of changes in net funds	1 August 2016	Cash flows	31 July 2017
	£'000	£'000	£'000
Cash and cash equivalents	1,882	(44)	1,838
Restricted Funds	11	(1)	10
Endowment Asset investments	32	14	46
Total	<u>1,925</u>	<u>(31)</u>	<u>1,894</u>

28 Capital Commitments

There were no capital commitments at year end.

29 Lease Obligations

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

Future minimum lease payments due	2017	2016
	£'000	£'000
Land and buildings		
Not later than one year	31	61
Later than one year and not later than five years	19	50
Later than five years	-	-
	<u>50</u>	<u>111</u>
Other		
Not later than one year	20	16
Later than one year and not later than five years	31	19
Later than five years	-	-
	<u>51</u>	<u>35</u>

30 Exceptional Item - Harlech Revaluation

See note 16 in relation to revaluation of Harlech site.

Notes to the accounts (continued)**31 Related Party Transactions**

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

The total expenses paid to Governors during the year were £9,740; There were 19 Governors between 1st August 2016 - 31st March'17 and 17 from 1st April - 31st July 2017 (2015/16: £7,640; 14 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 5 staff Governors who received remuneration during their period of office to the value of £138,826 from the Organisation during the year. No other Governor has received remuneration or waived payments from the Organisation during the year. (2016: 4 staff Governors received remuneration for services to the value of £128,151).

Caia Park Partnership Ltd - the Chief Officer is Alison Hill, who was a Governor of the Organisation to 31st March 2017. It is a community development organisation in Wrexham, whose accommodation is used for the Organisation's educational provision and as an area office. Purchase transactions for the year amounted to £8,270 (2016 - £13,727). There were no balances outstanding at the year end (2016 - £nil).

32 AMOUNTS DISBURSED AS AGENT**Learner Support Fund - Financial Contingency Fund (FCF)**

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
WG Grant for year	64	66
Interest earned	<u>0</u>	<u>0</u>
	64	66
Paid to third party *	48	47
Disbursed to students **	5	6
Other including admin costs	<u>2</u>	<u>6</u>
Balances unspent as at 31 July, including creditors	<u>9</u>	<u>7</u>

Welsh Government FCF grants are available solely for eligible students.

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

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

Notes to the accounts (continued)**33 Pension and Similar Obligations**

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

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 2016.

Total pension cost for the year	2017 £'000	2016 £'000
Teachers' Pension Scheme (TPS): contributions paid	158	173
WEA Pension Trust Scheme	2	19
Aviva Pension Scheme	30	37
Local Government Pension Scheme:		
Contributions paid Cardiff & Vale of Glamorgan (CVG)	293	244
Contributions paid Gwynedd (GC)	146	141
FRS 102 (28) charge Cardiff & Vale	191	43
FRS 102 (28) charge Gwynedd	<u>24</u>	<u>5</u>
Charge to the Inc & Exp Account (staff costs)	654	433
Enhanced pension charge to Inc & Exp Account (Staff costs)	-	-
Total Pension Cost for Year	<u>844</u>	<u>662</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2016: £63,153).

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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 pension 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)

33 Pension and Similar Obligations (continued)

Valuation of the Teachers' Pension Scheme

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

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191.5 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay;
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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 £158,058 (2016: £172,618).

FRS 102 (28)

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by City and County of Cardiff (CCC) and Gwynedd Council (GC). The total contribution made for the year ended 31 July 2017 was £555K of which employer's contributions totalled £439K (which included £42k deficit charges paid during the year) and employees' contributions totalled £116K. The agreed contribution rates for future years are 25.6% for Cardiff & Vale of Glamorgan LGPS and 24.7% for Gwynedd LGPS for employers and range from 5.5% to 10.5% for employees, depending on salary.

Notes to the accounts (continued)**33 Pension and Similar Obligations (continued)****FRS 102 (28) - Cardiff & Vale of Glamorgan LGPS****Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary:

	At 31 July 2017	At 31 July 2016
	% pa	% pa
Discount rate	2.6	2.4
RPI Inflation	3.1	2.9
CPI Inflation	2.0	1.8
Pension Increase	2.0	1.8
Pension accounts revaluation rate	2.0	1.8
Salary increases	3.0	2.8

Mortality Assumptions

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

	At 31 July 2017	At 31 July 2016
	years	years
<i>Retiring today</i>		
Male	23	23.8
Female	25.7	26.8
<i>Retiring in 20 years</i>		
Male	24	25.9
Female	27.1	29.1

Asset allocation and expected return on assets

	Value at	Value at
	31 July 2017	31 July 2016
	%	%
Equities	77.9	76.7
Property	6.3	7.0
Government bonds	8.3	9.6
Corporate bonds	5.6	6.5
Cash	1.9	0.2
Other	-	-
Total	100	100

Reconciliation of funded status to Balance Sheet

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

	2017	2016
	£'000	£'000
Fair value of plan assets	4,717	4,011
Present value of plan liabilities	5,101	4,850
Net pensions (liability)/asset (note 22)	(384)	(839)

Notes to the accounts (continued)**33 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)**

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

Active members	67%
Deferred Pensioners	9%
Pensioners	24%

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

	2017	2016
	£'000	£'000
Amounts included in staff costs		
Current service cost	483	287
Past service costs	55	-
Total	538	287

Amounts included in investment income

Net interest income	16	1
	554	288

Amount recognised in Other Comprehensive Income

Return on pension plan assets	261	231
Experience gains/(losses) arising on defined benefit obligations	401	(893)
Total amount recognised in Other Comprehensive Income	662	(662)

Actual Return on Assets

Interest income on plan assets	100	128
Gain / (loss) on assets	261	231
Actual return on assets	361	359

	2017	2016
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		

Net defined benefit (liability) / asset in scheme at 1 August	(839)	(133)
--	--------------	--------------

Movement in year:

Current service costs	(483)	(287)
Past service costs	(55)	-
Employer contributions	347	244
Net interest on the defined (liability) / asset	(16)	(1)
Actuarial gain / (loss)	662	(662)

Net defined benefit (liability) / asset in scheme at 31 July	(384)	(839)
---	--------------	--------------

Notes to the accounts (continued)**33 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)**

	2017	2016
	£'000	£'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	4,850	3,598
Current Service Cost	483	287
Interest expense on defined benefit obligation	116	129
Contributions by Scheme participants	81	69
Experience (gains) / losses on defined benefit obligations	(401)	893
Net Benefits paid out	(83)	(126)
Past service cost	55	-
Closing defined benefit obligation	5,101	4,850
	2017	2016
	£'000	£'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	4,011	3,465
Interest income on plan assets	100	128
Remeasurement gains / (losses) on plan assets	261	231
Contributions by employer	347	244
Contributions by Scheme participants	81	69
Net benefits paid out	(83)	(126)
Closing fair value of plan assets	4,717	4,011

Deficit contributions

The Organisation has entered into an agreement with the Cardiff & Vale LGPS to make additional contributions of £5,800 (2016), £22,000 (2017), £22,700 (2018) and £23,400 (2019) in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

Notes to the accounts (continued)**33 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS****Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary:

	At 31 July 2017	At 31 July 2016
	% pa	% pa
Discount Rate	2.7	2.4
Pension Increase Rate	2.5	1.9
Salary Increase Rate	2.5	3.9

Mortality Assumptions

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

	At 31 July 2017	At 31 July 2016
	years	years
<i>Retiring today</i>		
Male	22.0	22.0
Female	24.2	24.0
<i>Retiring in 20 years</i>		
Male	24.0	24.4
Female	26.4	26.6

Asset allocation and expected return on assets

	Value at 31 July 2017	Value at 31 July 2016
	%	%
Equities	75	73
Property	9	9
Bonds	0	14
Cash	16	4
Total	100	100

Reconciliation of funded status to Balance Sheet

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

	2017	2016
	£'000	£'000
Fair value of plan assets	6,099	5,910
Present value of plan liabilities	7,262	7,467
Net pensions (liability)/asset (note 22)	(1,163)	(1,557)

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)

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

Active members	28%
Deferred Pensioners	22%
Pensioners	50%

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	170	146
Past service costs	-	-
Total	170	146

Amounts included in investment income

Net interest income	37	49
Total	207	195

Amount recognised in Other Comprehensive Income

Return on pension plan assets	55	510
Experience gains/(losses) arising on defined benefit obligations	400	(657)
Total amount recognised in Other Comprehensive Income	455	(147)

	2017 £'000	2016 £'000
Actual Return on Assets		
Interest income on plan assets	142	188
Gain / (loss) on assets	55	510
Actual return on assets	197	698

	2017 £'000	2016 £'000
Movement in net defined benefit (liability) / Asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	(1,557)	(1,356)
Movement in year:		
Current service costs	(170)	(146)
Employer contributions	146	141
Net interest on the defined (liability) / asset	(37)	(49)
Actuarial gain / (loss)	455	(147)
Net defined benefit (liability) / asset in scheme at 31 July	(1,163)	(1,557)

Notes to the accounts (continued)**33 Pension and Similar Obligations (continued)****Local Government Pension Scheme - Gwynedd LGPS (continued)**

	2017	2016
	£'000	£'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	7,467	6,579
Current Service Cost	170	146
Interest expense on defined benefit obligation	179	237
Contributions by Scheme participants	35	34
Experience (gains) / losses on defined benefit obligations	(400)	657
Net Benefits paid out	(189)	(186)
Closing defined benefit obligation	7,262	7,467
	2017	2016
	£'000	£'000
Changes in the fair value of assets		
Opening fair value of plan assets	5,910	5,223
Interest income on plan assets	142	188
Remeasurement gains / (losses) on plan assets	55	510
Contributions by employer	146	141
Contributions by Scheme participants	35	34
Net benefits paid out	(189)	(186)
Closing fair value of plan assets	6,099	5,910

Deficit contributions

The Organisation has entered into an agreement with the Gwynedd LGPS to make additional contributions of £36,000 (2016), £32,000 (2017), £33,000 (2018) and £33,000 (2019) in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

