Report and Financial Statements
Year ended 31st July 2025

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Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

The Council is pleased to present this report alongside the audited financial statements for the year ending 31 July 2025.

With over a century of experience delivering quality education, Adult Learning Wales (ALW), as the National Adult Community Learning Provider, continues to empower adult learners across Wales with opportunities for personal, professional, and social transformation.

In 2024-25, we reaffirmed our commitment to driving lifelong learning, prioritising accessible education for those most underserved, promoting inclusivity in Welsh-medium provision, and strengthening pathways to health and well-being. Our vision is to build resilient communities by equipping individuals with essential skills and fostering active civic engagement and democratic participation.

After navigating the challenges of the Covid-19 pandemic, we saw a robust return to in-person learning, with 80% of our delivery now based in local community venues. This year, we have expanded our digital learning opportunities to ensure flexible, remote access for all, offering a more resilient, blended model for the future.

The broader economic landscape remains challenging, with global conflicts, the Cost-of-Living Crisis, and an evolving Welsh labour market necessitating new skills, especially in digital technologies. Relying solely on public funding presents uncertainties, but our strategic partnerships and operational efficiencies position us to adapt effectively and to serve Wales' diverse communities. ALW is particularly committed to upskilling the "working poor" and addressing socioeconomic issues such as unemployment and homelessness.

We are resolute in our mission to promote lifelong learning as a tool for economic, social, and civic progress across Wales. Our learners' skills and adaptability are essential to Wales' resilience, economic vitality, and democratic vibrancy.

As part of the 2023-2026 strategic plan, we are dedicated to expanding access and impact, fostering stronger partnerships, and advancing ALW's position as Wales' leading adult community learning provider and the Adult Community Learning provider of choice.

1.1 Legal status

Adult Learning Wales (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.

1.2 Purpose

The Articles of Association state that the Organisation's object is 'to promote education, in particular for young people and adults, within Wales' and it carries out its purpose with public benefit in mind.

1.3 Vision and Mission Statement

Our Vision:

Creating healthy and prosperous societies through adult community learning.

Our Mission:

Providing inspiring and accessible learning opportunities for adults across Wales and supporting our learners to achieve successful outcomes, both directly and through relationships with others.

Our Goals:

1. Support and enable the widest possible range of learners to achieve success.

1.1 Delivering the highest quality lifelong learning programmes, ensuring an inclusive offer that recognises a diverse range of abilities and circumstances.

1.2 Evolving our dynamic curriculum to meet the needs of more learners, ensuring a holistic approach and recognising the changing needs in relation to social, employment and political developments.

1.3 Ensuring learners have the support and direction they need for completion of courses and further progression.

1.4 Gathering feedback from and listening to our learners, acting on what they tell us, ensuring we address any areas where we have not achieved our high expected standards and involving them in shaping the learning we deliver.

1.5 Raising awareness of ALW, our varied offer, the support available and the benefits of learning with us.

1.6 Valuing our staff, recognising talent, and investing in their CPD.

1.7 Continuing our commitment to the Digital 2030 framework by using enhanced technology practices to be more efficient and effective, facilitating more innovative teaching and learning experiences and freeing ourselves up from unnecessary paperwork.

1.8 Working with communities, by supporting the setting up of or working with existing bodies, to establish needs and issues which impact individuals' learning, sharing this information as appropriate with other bodies.

2. Develop and sustain our network of positive and effective working relationships, establishing new relationships that align with our curriculum plan and national priorities.

2.1 Identifying and building professional working relationships that enable us to deliver or support learning to organisations and employers who have clients, customers, or staff who could benefit from our offer.

2.2 Standardising our approach to gathering feedback from those organisations we work with, during and after delivery.

2.3 Acting on feedback from all organisations we work with to address any issues identified and evolving our offer appropriately.

2.4 Continuing to strengthen our relationship with Welsh Government, the Commission for Tertiary Education and Research (CTER), and other stakeholders to develop a national programme for lifelong learning and advance the role of adult community learning in Wales.

2.5 Recognising global issues and working with organisations which focus on citizens' rights and entitlement to advance economic and social change in Wales.

2.6 Reviewing and revising our membership scheme, our approach to volunteering, and the work of Branches to ensure we are delivering mutual value and activity which is aligned to our goals.

3. Develop and sustain our network of positive and effective relationships, establishing new relationships that align with our curriculum plan and national priorities.

3.1 Having active leadership and governance which promotes adult community learning and challenges us to continuously improve.

3.2 Promoting understanding amongst commissioning bodies of our role in delivering the largest portion of adult community learning in Wales, both directly and on behalf of other providers such as local authorities.

3.3 Assessing and communicating the impact of adult community learning and demonstrating its value in order to influence policy making.

3.4 Sharing relevant information, which we gather through our networks and connections with policy makers.

3.5 Reviewing and developing our ways of working and the materials we use, to ensure we show professionalism in everything we do.

3.6 Being financially sound and using the core funding creatively to maximise the breadth of the learning offered and its value to our learners.

3.7 Pursuing additional sources of funding to generate investment in learning and resources and growth in our curriculum.

3.8 Operating a culture of openness and transparency, where we empower and encourage our people to make a positive contribution and raise any concerns.

3.9 Listening to, investing in, supporting, and developing our staff to ensure we have the skills and experience needed at every level within ALW.

1.4 Policy Context

The post-16 system in Wales is now governed through Medr - the Commission for Tertiary Education and Research (CTER), which became operational in August 2024. Its regulatory model, strategic expectations and funding frameworks now set the national reference point for Adult Community Learning (ACL) delivery, investment and accountability. ALW continues to align its operating models, data, quality assurance and risk management to this new statutory environment.

Welsh Government policy continues to stress widening access, essential skills, digital confidence, employability and Welsh language usage. The Welsh Language and Education (Wales) Act 2025 further strengthens bilingual expectations across post-16, with implications for curriculum design, staffing and planning. ALW is responding to this by incrementally strengthening bilingual delivery capacity and ensuring Welsh language is embedded routinely — not episodically — across provision.

During the reporting period, Multiply activity in Wales has moved into close-out and evidence submission. With that time-limited intervention concluding, ALW is now rebalancing effort back into mainstream funded ACL delivery while also seeking to grow new funded pathways that build progression, skills and employment outcomes through community learning.

The financial environment remains uncertain, and the Senedd Elections in May 2026 create a period where fiscal commitments — including future Medr grant allocations — may not be pre-determined. Within this, Medr's emerging programmes — including the Strategic Development Fund (SDF) — represent a key area of collaborative opportunity. ALW is actively engaging partners in joint submissions, ensuring the voluntary sector and community-based routes to skills are visible in the development of Wales's tertiary investment case.

ALW is therefore not only adapting to the new regulatory environment, but actively building organisational capacity and structure to support income recovery and income generation — including commercial activity — to strengthen financial resilience and diversify funding sources. This is a deliberate strategic response: to mitigate the risks of political and funding uncertainty, and to ensure that community-based adult learning remains a recognised, resourced and influential component of Wales's tertiary system.

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 on to 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 prior to FRS 102
- 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 a minimum level of unrestricted reserves greater than £4m
- to maintain category "B" Welsh Government financial status

Meeting the above targets requires 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-Evaluation Report (SER) serves as a key mechanism for measuring performance throughout the academic year, forming an integral part of the Quality Cycle. The SER is developed in line with guidance issued by the Welsh Government and follows the structure of the Estyn Common Inspection Framework, which is centred around three core areas:

- Teaching and Learning
- Wellbeing, Care, Support and Guidance
- Leadership and Improvement

The Organisation is committed to the continuous enhancement of its quality assurance processes. Efforts are ongoing to ensure that data used to inform strategic planning is timely, robust, and effectively utilised across departments to support the development of the SER.

The SER is accessible to all staff via the Organisation's intranet. Any areas for improvement identified within the SER are incorporated into the Quality Development Plan (QDP), which is formulated by the Senior Management Team (SMT). The QDP is subject to regular monitoring and review at operational, senior management, and governance levels, ensuring alignment with the Organisation's strategic objectives.

Throughout the year, a comprehensive programme of professional learning and development activities has been delivered to support tutors and business support staff alike, in maintaining quality standards and meeting the requirements of awarding organisations. These activities are embedded within the Organisation's Learning and Development Plan.

In addition, a range of standardisation events have been held, providing opportunities for tutors to engage in assessment and internal quality assurance activities aimed at enhancing practice. Reports from awarding organisations consistently highlight the strength of the Organisation's Internal Quality Assurance (IQA) processes, with examples of leading practice noted.

The IQA policy is subject to ongoing review to evaluate its effectiveness and impact. Oversight of quality control measures is conducted by the Senior Management Team and the Council, via the Learner Experience Committee, ensuring rigorous scrutiny and accountability.

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Student numbers

In 2024/25 the Organisation recruited 9,234 learners, 67.1% female and 32.9% male (all provision). Completion* rates for Welsh Government funded provision only are at 95% overall (on par with the National Comparator), Attainment rates are at 89% (National Comparator unavailable) with Successful Completion at 85% (nearly 2% points below the National Comparators but on par with the 23/24 academic year). Some results are still to be finalised which could see Successful Completion increase before the December reconciliation deadline.

*Completion includes accredited and non-accredited provision. National Comparators (NCs) are 23/24 Benchmark data available via MEDR Statistics report "Sta_Medr_07_2025-Learner-outcome-measures-for-apprenticeship-and-ACL-2023-24-English-v2.pdf"

2.2 Student achievements

The table below gives the current performance data available grouped by learning areas.

Subject Sector Area	Subject Sector Area Description	Learning Activities	Guided Learner Contact Hours	Comp %	Attain %	Success %
	Total	**22,203**	**461,968**	**95%**	**88%**	**85%**
14d	English for Speakers of Other Languages	6,406	185.733	94%	83%	78%
14c	Foundation for Work	4,019	61,917	96%	88%	86%
13	Education & Training	1,680	48,593	94%	83%	78%
15	Business, Administration and Law	1,847	28,679	98%	95%	93%
9b	Art & Design	1,880	37,999	93%	91%	87%
1	Health, Public Services & Care	1,697	23,641	98%	90%	89%
14b	Adult Basic Education	1,069	19,713	94%	82%	77%
14a	Independent Living Skills	197	16,583	95%	81%	79%
5	Construction, Planning & Built Environment	1,020	*n/a	100%	96%	96%
7c	Hospitality & Catering	599	6,278	99%	95%	93%
9a	Performing Arts	282	6,924	99%	100%	100%
3	Agriculture, Horticulture & Animal Care	255	2,999	99%	93%	92%
4	Engineering & Manufacturing Technology	260	5,551	96%	78%	75%
10	History, Philosophy & Theology	288	4,850	98%	72%	72%
6	Information & Communication Technology	249	5,038	96%	88%	84%
12	Languages, Literature & Culture	200	2,993	94%	90%	88%
7b	Hair & Beauty	103	2,069	92%	82%	76%

7a	Retailing & Customer Care	90	990	97%	91%	88%
2	Science & Mathematics	9	162	100%	89%	89%
11	Social Sciences	17	360	94%	100%	100%
12a	Welsh for Adults	36	856	83%	83%	69%

**This is specifically PLA (Personal Learning Account) provision where we were not required/able to record Guided Learner Contact Hours on the LLWR.*

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.

2.3 Student Profile

The most popular courses are: English for Speakers of Other Languages (ESOL), Foundation for Work, Education & Training, Art & Design, Trade Union Studies (categorised as Business, Administration and Law), Health, Public Services & Care, Adult Basic Education, and Independent Living Skills.

We have continued our work with asylum seekers and with ethnic minority groups. 17%* of our learners in 2024/25 were from minority ethnic communities. We continue to target the most disadvantaged areas and 51% * of our learners live in areas of deprivation. Virtually two thirds of our learners are female at 66.5%* in 24/25 compared to 65.7%* in the 23/24 academic year and 75.2%* of our learners are aged between 20 and 60 which is just below 23/24 data of 77%.
(*WG provision only)

2.4 Curriculum developments

Provision for 2024/25 continued to be an aggregate of workplace/trade union studies, regional, national and project funded provision, administered from organisational offices and the homes of staff who are dedicated home workers/have agile working practices agreed.

2024/25 saw a combination of both face-to-face and online/blended delivery continuing, as appropriate to learners' needs, with the majority (approximately 84%) being face-to-face.

Learning delivered in community settings continued to engage adult learners who were furthest away from employment, particularly from areas of deprivation and those with the lowest skills levels, through strong collaborative working with the Organisation's Branch structure, national, regional, and local partners, and networks. Feedback from learners also indicated that learning supported their mental health positively, as well as employability. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers, working closely with TUC Cymru and single unions such as Unite and Unison. Some of the Workplace Learning provision was supported through the Wales Union Learning Fund (WULF) and some of the Trade Union education was supported by funding from TUC Cymru. In addition to core funded programmes of learning, full cost recovery / income generation either through delivery or accreditation services remained a focus. Two of the three Regions of delivery were involved in Multiply projects, funded from the UK Government's Shared Prosperity Funding. This funding stream came to an end in March 2025, however, some of the learning activities funded via the Multiply funded projects have since transitioned into the Regions' core delivery.

Throughout 2024/25, ALW continued to offer a broad range of provision, spanning from pre-Entry to Level 2 in the majority of programme areas, with Youth Work, Education & Training and Counselling programmes delivering up to Levels 3 and 4. This was consistent with Welsh Government policy priorities for Adult Learning in Wales, with a continued emphasis on essential skills (including literacy, numeracy and digital literacy), ESOL and employability skills. ESOL continues to be the largest programme area, in terms of number of delivery hours.

For Medr and Estyn purposes, all learning activities continue to be badged as Adult Community Learning and not Further Education or Work-based Learning.

2.5 Future developments

Looking ahead, Adult Learning Wales will move into the delivery of its new Strategic Plan 2026–2029, which strengthens our focus on impact, financial resilience, and organisational agility. This next period will be characterised by a more data-driven, evidence-informed approach — ensuring that resources are targeted where need is greatest, and that we continue to generate demonstrable social, educational and economic value across Wales.

As part of our Income Recovery Plan, we will continue to diversify income streams, including through new partnerships, commercial activity, commissioned provision, and collaborative submissions to national programmes such as Medr's Strategic Development Fund. The aim is to build a more resilient, mixed-income profile that reduces exposure to single-source volatility and supports longer-term planning.

To enable this, ALW is investing in organisational capacity — particularly in business development, programme design, and commercial capability — to ensure we have the technical skills and structural headroom required to support both income recovery and future growth. This includes strengthening costing models, improving our intelligence base and increasing our ability to identify opportunities early.

Partnership working will continue to be a defining feature of our approach — particularly with the voluntary sector, community partners and employers — as a means to enhance reach, inclusion and relevance, and to create new pathways that reflect real learner journeys across Wales.

Our priority remains clear: to sustain and strengthen our national role as Wales's adult community learning organisation — delivering against our mission and values while ensuring that Adult Learning Wales remains financially strong, strategically focused and well-positioned to deliver for learners, communities and Wales over the coming strategic cycle.

3. RESOURCES

The Organisation has limited physical resources that it can deploy in pursuit of its strategic objectives. Its tangible resources include the Bryn Menai in Bangor and Coopers Yard sites in Cardiff. The Organisation still holds some tangible resources in Harlech.

3.1 Financial

Financial objectives

The Organisation's financial objectives are:

- to achieve an annual operating surplus prior to FRS 102 – this was achieved with a surplus of £166k.
- 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 - this was achieved.
- to further improve the Organisation's shorter-term liquidity – this was achieved with yearend cash balances being £6.679m including short-term investments.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain a minimum level of unrestricted reserves greater than £4m – this was achieved
- to maintain category "B" Welsh Government financial status – this was achieved.

Meeting the above targets requires the retention of tight staffing levels whilst taking all reasonable opportunities to make efficiency gains**.**

Financial results

The following table summarises performance for 2024/25 against 2023/24:

	2024/25	2023/24
Operating surplus/(deficit) prior to FRS 102 (28) pension adjustments and net proceeds of sales	£166K	£299K
Operating surplus/(deficit) after FRS 102 (28) pension adjustments and net proceeds of sales	£977k	£1,275k
Current ratio (current assets/current liabilities)	2.6 : 1	2.1 : 1
Staff costs as % of income	74%	73%
Welsh Government income as a % of total income	79%	80%
Total unrestricted reserves	£16.054m	£11.611m
Cash balances excluding investments	£5.014m	£5.721m
Net assets	£17.291m	£12.827m

Tangible fixed asset additions during the year amounted to £6k for equipment and £39k fixture and fittings.

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 responsibility is absorbed within the finance function and is overseen by the Head of Curriculum and Performance.

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 £1.390m within two separate non-current investment funds and £1.665m in a current investment fund, all managed by Brewin Dolphin (note 17).

Cash flows and Liquidity

At -£809k (2023/24: £228k) the operating cash flow has decreased for the period.

There was a decrease in net funds for the year of £638k compared to an increase for 2023/24 £720k.

The current ratio remains at a satisfactory level of 2.6:1 (23/24 2.1:1). The financial position continues to be stable which highlights the Organisation's continuing progress in its objective of maintaining financial health through strong financial management.

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 £16.05m (2023/24: £11.61m) at 31 July 2025, thus the target of £4m was met. There has been an increase to the pension surplus in the year of £4.225m resulting in a £11.014m surplus at 31 July 2025. The target of £4m 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 the Council.

A three-year budget is usually developed but due to uncertainty and volatility in funding only a one-year budget has been produced for the 2025/26 year which is intended to increase the levels of reserves. However, it is recognised that there are significant challenges in financial forecasting due to the current situation and the impact this has on the Organisation's ability to plan.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires 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 timeframe.

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 are aware of the need to authorise invoices and return them to the Finance Section for payment as quickly as possible.

During the period 1 August 2024 to 31 July 2025 the Organisation incurred no interest charges in respect of late payment.

Post-balance sheet events

There are no post-balance sheet events to report.

3.2 Staffing

As at 31st July 2025 there were 234 active hourly paid teaching staff, including support workers, and 110 salaried support staff, 72 full time and 38 part time. The figure of 234 includes those who hold a tutor contract alongside their salaried support contract – this applies to 16 people in total.

A Learning and Development Plan, based on the training needs recognised by the Organisation and individuals, is implemented on an annual basis and updated throughout the year.

Teaching observations enable the monitoring of teaching quality and the provision of support to teaching staff while identifying training and development needs. Regular catch-up meetings between staff and line managers provide a proactive approach to self-assessment and target setting, with an emphasis on the individual's Continuing Professional Development (CPD) needs and aspirations for improvement to deliver targets.

4. PRINCIPAL RISKS AND UNCERTAINTIES

Adult Learning Wales (ALW) has continued to strengthen and embed its system of internal control throughout the year. This includes financial, operational, and risk management processes designed to protect the Organisation's assets, reputation, and long-term sustainability.

The Senior Management Team (SMT) undertakes a comprehensive review of the risks to which ALW is exposed, documenting them in a formal risk register supported by clear action plans. Systems and procedures are identified to mitigate each risk, with implementation monitored and reviewed annually through the internal control appraisal process. The SMT also considers new risks that may arise as the Organisation takes on new areas of work.

The ongoing impact of post-pandemic challenges, combined with cost-of-living pressures, continues to influence risk exposure across the Organisation. These factors have contributed to a volatile operating environment,

reducing the accuracy of financial and operational forecasting. To manage this uncertainty, ALW's Senior Officers maintain regular engagement with the Welsh Government and other key partners to identify, assess, and respond to emerging challenges.

The Audit Committee reviews the Risk Register each term. The register identifies key risks, assesses their likelihood and potential impact, and records the actions taken to reduce and mitigate them. A consistent scoring framework ensures that risks are prioritised appropriately.

Outlined below are the principal risk factors currently affecting ALW, along with the mitigating actions in place. Not all risks are within the Organisation's direct control, and other factors not listed may also have an adverse effect.

Funding Uncertainty and Public Spending Constraints
Risk: ALW relies significantly on public funding, and continuing economic pressures have placed public spending under strain. Uncertainty around future funding allocations presents a risk to programme sustainability, organisational growth, and the ability to meet rising demand for adult learning across Wales.

Controls: ALW actively engages with the Welsh Government and other funding bodies to support funding stability. The finance team closely monitors budgets and proactively adjusts expenditure in response to funding changes. Work continues to diversify income through delivery and accreditation services, reducing reliance on a single funding source

Economic Instability and Cost Pressures
Risk: Rising inflation and general economic uncertainty have increased operational costs. This environment creates challenges for maintaining cost-effective service delivery and may limit ALW's ability to sustain or expand provision without additional funding.

Controls: ALW employs rigorous budget monitoring and cost-control measures. Resource allocation is reviewed regularly to identify efficiencies, and contingency plans are in place to address unforeseen cost increases. The Organisation's agile working policy helps to minimise overheads and enhance operational flexibility.

Changing Labour Market and Skills Demands
Risk: Rapid technological change, shifting employment patterns, and an ageing population continue to reshape skills needs across Wales. A misalignment between ALW's curriculum and emerging labour market requirements could impact learner outcomes and satisfaction.

Controls: The curriculum team works closely with Regional Skills Partnerships, employers, and industry experts to ensure that ALW's provision remains relevant and responsive. Regular curriculum reviews, informed by stakeholder feedback, enable timely updates to programmes. Continuous professional development ensures staff maintain current skills to deliver high-quality, labour market–aligned learning.

Digital Divide and Access to Learning
Risk: As ALW expands its digital and blended learning offer, some learners may face barriers to participation due to limited access to devices, internet connectivity, or digital skills.

Controls: ALW provides targeted digital literacy support and resources to help learners engage with online learning. Hybrid delivery models combine face-to-face and digital support, and partnerships with local organisations assist learners in accessing suitable technology and connectivity.

Dependence on Partnerships and Collaborations
Risk: ALW's success depends on strong relationships with regional, national, and local partners. Changes in partner priorities, structures, or funding could disrupt service delivery and impact learner recruitment and retention.

Controls: A dedicated Partnerships Team maintains close, proactive relationships with key stakeholders. Regular communication, formal agreements, and collaborative planning sessions help to ensure consistency and shared understanding. Partnership performance is monitored, and contingency plans are in place to secure continuity through alternative collaborations where necessary.

Recruitment and Retention of Skilled Staff
Risk: Attracting and retaining qualified educators and support staff remains essential to maintaining quality provision. A competitive labour market poses challenges in recruitment and increases the risk of staff turnover.

Controls: ALW offers competitive remuneration, flexible working arrangements, and extensive professional development opportunities to attract and retain staff. The Organisation maintains a robust recruitment process and succession planning strategy to minimise disruption and maintain service quality.

Compliance and Regulatory Risks
Risk: Changes in regulatory requirements or Welsh Government priorities could necessitate rapid curriculum or operational adjustments, potentially affecting compliance and financial planning.

Controls: ALW's dedicated Compliance and Quality Assurance team monitors all relevant regulatory developments and ensures alignment with Welsh Government and Estyn requirements. Regular audits, staff training, and structured quality assurance processes are in place to uphold compliance standards and minimise regulatory risk.

Cybersecurity Threats
Risk: As ALW increasingly relies on digital systems for operational and educational delivery, it faces heightened exposure to cybersecurity risks such as data breaches, ransomware, and phishing. A successful cyberattack could disrupt services, compromise sensitive data, and damage the Organisation's reputation.

Controls: ALW has implemented a comprehensive cybersecurity framework that includes firewalls, multi-factor authentication, and regular vulnerability assessments. Staff receive mandatory cybersecurity training to identify and report threats. The IT Security Team continuously monitors systems and responds to incidents in line with a robust incident response plan, including data backup and communication protocols to minimise disruption.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- Welsh Government
- Medr
- Staff
- Other FE Institutions
- Trade Unions
- Accrediting bodies
- HE Institutions
- Other third sector organisations and partners
- Learners
- Funders
- Branches
- Members
- Volunteers
- The local community
- Local employers (with specific links)
- Local Authorities
- ACL Partnerships, regional and local

The Organisation recognises the importance of these relationships and engages in regular communication and collaboration with stakeholders. It is particularly appreciative of the voluntary efforts of its Branch officers and Regional Forum chairpersons in extending the democratic nature of the Organisation's structures.

5.1 Equality and Diversity

The Organisation recognises that discrimination, prejudice and disadvantage exist in society, and that groups and individuals have been treated unfairly for reasons relating to 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.

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. As a Disability Confident employer, 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 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 all employees. The Organisation makes every effort to ensure that any problems encountered by disabled employees or potential disabled employees are minimised.

The Learner Services and Human Resources team has responsibility for coordinating the development, implementation and review of all matters and progress relating to safeguarding, equality and diversity, in accordance with legislation and statutory duties. Monitoring and scrutiny of safeguarding, equality and diversity matters at Committee level is within the remit of the Learner Experience Committee.

5.2 Anti-Racism at ALW

ALW fully supports the Welsh Government's vision of 'A Wales which is anti-racist'. We are committed to becoming an anti-racist organisation, creating a culture with zero tolerance and changing our systems, policies and procedures to eradicate racism in all that we do. Our Anti-Racist Action Plan will ensure that we play our part in making a measurable change to the lives of Black, Asian and Minority Ethnic people by tackling racism.

Along with our own organisational values, the values underpinning our anti-racist action plan are in line with those set out in the Anti-racist Wales Action Plan. These values are:

- Open and transparent
- Rights-based
- Putting lived experience at the heart of all we do

At ALW, we view our identity as closely aligned to the traditional inclusive impulses of the adult learning movement. We strive to integrate inclusivity into all activities and to empower staff to take action to ensure equality via a focus on positive attitudes, supported by policies and plans.

Our Commitments

- We recognise that racism exists in society, and that this is extremely harmful. We acknowledge the impacts of racism and we will support our Black, Asian and Minority Ethnic staff, learners and members who may experience these impacts.

- We will encourage people to speak up about racism, giving people the time and space to talk about their experiences, with confidence that they will be listened to and supported.

- As a learning provider and a membership organisation we have both an opportunity and a responsibility to make a positive difference to anti-racism both within ALW and in the wider community. We will embed anti-racism in our curriculum, through our networks, events and communications and will influence and advocate for anti-racism at all opportunities, challenging racism where we see it.

- At present, our management team does not reflect the diversity within either our organisation or wider society. As we work to address this, we will develop the skills of our management team along with our wider staff to give them the support they need to be effective allies. Our team is committed to supporting our Black, Asian and Minority Ethnic people to ensure the burden of tackling racism does not fall on those who already experience its injustices.

- We will be open and honest about our progress on anti-racism, and via our Anti-Racist Action Plan we will set clear goals against which our progress can be measured.

- We want to move beyond compliance to seek opportunities to promote anti-racism in everything that we do. We strongly believe this is the right thing to do, in the interest of our learners, staff, volunteers, members and the wider community.

5.3 Disability statement

As part of our commitment to Equality and Diversity the Organisation seeks to secure full access to its courses and meetings for those with disabilities. As far as reasonably practicable arrangements are made to ensure that students with disabilities can engage fully with its activities, by ensuring that necessary media and support are provided and that physical access to courses is possible. However, courses are usually provided in premises that are not owned by ALW. In these situations, the Organisation will work with the providers of premises to ensure equal access wherever possible. If equal access is not available at a community venue, alternative arrangements will be explored as required.

5.4 ALW and the Welsh Language

ALW is committed to the Welsh Government's vision of a truly bilingual Wales, as set out in the document ***Cymraeg 2050***, the Welsh Government's Welsh language strategy (2018). This sets out its vision to increase the number of Welsh speakers and the use of Welsh by the year 2050. It is a vision to which ALW is fully committed. ALW will work to ensure that the Welsh language is treated as 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 Welsh Language Standards will be ensured through regular monitoring.

In addition to advancing learning and knowledge through participation in education and training, ALW is committed to promoting awareness and understanding of the Welsh language, Welsh heritage and culture in all aspects of its business and services. 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.

The curriculum and operational support teams continue to co-ordinate, develop and implement the wide range of activities required to achieve the organisation's strategic aims and meet statutory requirements in respect of Welsh and Bilingualism. Welsh and Bilingualism is monitored and scrutinised at Committee level by the Learner Experience Committee.

5.5 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 ALW's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Organisation's auditors are aware of that information.

Approved by order of the members of the Council on 28th January 2026 and signed on its behalf by:

Stephen Nicholls
Chair of Governors

……..

Professional advisers

External auditors:
Baker Knoyle Statutory Auditors, Merthyr Tydfil

Internal auditors:
TIAA, Cardiff

Bankers:
Handelsbanken, Cardiff

Solicitors:
Eversheds Sutherland, 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 way the Organisation has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018. 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 Code in so far as they apply to the Further Education sector, and it has complied throughout the year ended 31 July 2025.

THE COUNCIL

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

Name	Status and Category	Accession date (if after 1 Aug. 2024) or Resignation date	Committee Membership	Council meetings attended (out of 5 in total)
John Graystone	Chair; Appointed	Resigned on 31 March 2025	Search (former Chair)	4 (out of 4)
Stephen Nicholls	Appointed; Chair		Resources (former Chair); Search (Chair)	5
Salamatu Fada	Appointed; Vice Chair		Learner Experience (Chair); Search	3
Chris Franks	Elected Members' Governor	Resigned on 31 March 2025	Audit (former Chair)	3 (out of 4)
Jo Rees	Elected Affiliated & Partner Governor (formerly Appointed Governor)	Appointed 26 September 2024	Learner Experience	3
Cathy Clark	Elected Learner Governor	Resigned on 31 March 2025	Learner Experience	3 (out of 4)
Victory Ezeofor	Appointed (formerly Regional Governor)		Audit (Chair)	5
Jan Tiley	Elected Learner Governor		Resources	5
Sam Emmett	Elected Staff Governor	Re-elected on 14 June 2025	Learner Experience	3
Judith Evans	Appointed; Vice Chair		Resources (Chair)	4
Nicole Kinnaird	Elected Staff Governor	Re-elected on 14 June 2025	Resources	1
Sion Aled Owen	Appointed (formerly Regional Governor)		Learner Experience	4
Emily Carter	Elected Learner Governor	Appointed on 24 October 2024	Audit	3 (out of 4)
Dona Lewis	Appointed	Resigned on 10 March 2025	Resources	3 (out of 4)
Timothy Palazon	Appointed		Learner Experience (Vice Chair)	5
Lisa O'Connor	Appointed		Resources	3

Statement of Corporate Governance and Internal Control (continued)

The Council is provided with regular and timely information on the overall financial performance of the Organisation together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Council meets a minimum of three times a year, and during 2024-25 met on five occasions.

The Council conducts much of its business through four committees: Audit, Learner Experience, Resources and Search. 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 on the organisation's web-site or from the Clerk to the Council at:

Nicola Dagg
Clerk to the Council
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 the Council can 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 the 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 the Council and Committee members in a timely manner, prior to meetings. Briefings are also provided on an ad hoc basis.

The Council has a strong and independent non-executive element and no individual or group dominates its decision-making process: 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. Co-opted members who served during 2024-25 were: Graham Price, Guy Wallace Smith, Janet Beauchamp and Iestyn Davies (Audit Committee); Zaina Aljumma, Sharon Clancy, Leanne Davies, Clare Glennan and Aaron Fortt (Learner Experience Committee); Patience Bentu, Susan Roberts and Susie Ventris-Field (Resources Committee). In addition, other task and finish groups may be convened at the discretion of the Council.

There is a clear division of responsibility in that the roles of Chair of the 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 in late 2016 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 up to 12 elected members (variously nominated by Regional Forums, individual members, learners and staff) and up to 8 appointed members. Since the adoption of revised Articles of Association in April 2025, there are up to 10 appointed members and up to 8 elected members (nominated from learners, staff and members of the organisation) and allow the Chief Executive Officer to be appointed as a trustee. However, this position continues to operate solely in an employee capacity. 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 up to four members of the Council (and excludes the Chair, staff governors and Resources Committee members). The Committee operates in accordance with written terms of reference approved by the Council.

Statement of Corporate Governance and Internal Control (continued)

The Audit Committee meets on a termly basis and provides a forum for reporting by ALW's internal and external auditors, who have access to the Committee for independent discussion, without the presence of ALW management if necessary. The Committee can also receive and consider reports from the Charity Commission and the Welsh Government as they affect 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 have come through 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 accordance with the responsibilities assigned to her or him in the Financial Memorandum between the Organisation and the Welsh Government. S/he is also responsible for reporting to the Council any material 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 2025 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The 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. The 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:

Statement of Corporate Governance and Internal Control (continued)

- 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. That review of the effectiveness of the system of internal control is informed by:

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

The Chief Executive has been advised on the implications of the result of the 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, the 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 28th January 2026 and signed on its behalf by:

Stephen Nicholls
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.

Stephen Nicholls
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 2019 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 due regard to the Charity Commission's guidance on public benefit when considering, planning and implementing the activities of the charity and when exercising their powers and duties to which the guidance is relevant, and that they have complied with the duty under Section 4 of the Charities Act 2006 in this regard. As Council, we believe that the objects of the Organisation to promote education, in particular for young people and adults, within Wales 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 2019 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 28th January 2026 and signed on its behalf by:

Stephen Nicholls
Chair of Governors

.....

Independent Auditors' Report to the Members of Adult Learning Wales

A COMPANY LIMITED BY GUARANTEE - 3109524

Report on the audit of the financial statements

Opinion

In our opinion, Adult Learning Wales financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 July 2025, and of the organisation's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice -Accounting for Further and Higher Education; and
- have been properly prepared in accordance with the Accounts Direction issued by Medr.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2025 (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2025; the Statement of Comprehensive Income for the year then ended; the Statement of Changes in Reserves for the year then ended; the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Governing Body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the organisation's ability to continue as a going concern.

Independent Auditors' Report to the Members of Adult Learning Wales (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Governing Body is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Further Education Audit Code of Practice issued by Medr requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Governing body, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities for the financial statements and the audit

Responsibilities of the Governing Body for the financial statements

As explained more fully in the Statement of the Governing Body's responsibilities set out on pages 21 to 22, the Governing Body (who are also the directors of the organisation for the purposes of company law) is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Governing Body is also responsible for such internal controls as are determined to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Governing Body is responsible for assessing the organisation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK} will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent Auditors' Report to the Members of Adult Learning Wales (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- *We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Officers and other management (as required by auditing standards).*
- *We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related trade union legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.*
- *With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Officers.*
- *We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.*
- *We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.*

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Use of this report

This report, including the opinions, has been prepared for and only for the organisation's Governing Body as a body in accordance with the organisation's articles of Government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Opinion on other matters prescribed in the Further Education Audit Code of Practice 2015 issued by the Welsh Government

- 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
- income has been applied in accordance with the financial memorandum of the Welsh Government.

Richard Phillips FCCA
Senior Statutory Auditor
For and behalf of:
Baker Knoyle Audit Limited
Statutory Auditors
Orbit Business Centre, Merthyr Tydfil, CF48 1DL

Date:

Statement of Comprehensive Income

INCOME	Notes	2025 £'000	2024 £'000
Welsh Government Grants	**2**	8,688	8,311
Tuition fees and education contracts	**3**	361	437
Other grants and contracts	**4**	1,470	1221
Other Income	**5**	26	24
Branch Income	**6**	3	2
Investment Income	**7**	102	107
Pension Finance Income	**8**	359	264
Donations and Endowments	**9**	-	-
Total Income		**11,009**	**10,366**
EXPENDITURE			
Staff costs	**10**	8,092	7,549
Other operating expenses	**12**	1,827	1,730
Depreciation	**16**	109	119
Interest and other finance costs	**13**	-	-
Branch Expenditure	**12**	4	14
Total Expenditure		**10,032**	**9,412**
(Deficit)/Surplus before other gains and losses	**15**	**977**	**954**
Gain/(loss) on disposal of assets	**27**	-	321
(Deficit)/Surplus before tax		**977**	**1,275**
Taxation	**14**	-	-
(Deficit)/Surplus for the year		**977**	**1,275**
General Reserve movement	26	-	-
Gain/(loss) on Endowments	**17**	23	(33)
Gain/(loss) on Investments	**17**	51	90
Actuarial gain/(loss) in respect of pensions schemes	**33**	3,413	1,182
Total Comprehensive Income for the year		**4,464**	**2,514**
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		4,390	2,464
Investment comprehensive income	**26**	51	90
Endowment comprehensive income		23	64
		4,464	**2,618**

The statement of comprehensive income is in respect of continuing activities.

Statement of Changes in Reserves

	Income and Expenditure Reserve			Restricted Reserve		Total
	Endowment £'000	Investment £'000	Other £'000	Endowment £'000	Other £'000	£'000
Balance at 1st August 2023	**469**	24	**8,728**	**978**	**10**	**10,209**
Surplus/(deficit) from the income and expenditure account	-	-	1,275	-	-	**1,275**
Other comprehensive income	(20)	90	1,182	84	-	**1,336**
Transfers between revaluation and income and expenditure expenditure reserves	-	-	7	-	-	7
Total comprehensive income for the year	**(20)**	**90**	**2,464**	**84**	**-**	**2,618**
Balance at 31st July 2024	**449**	**114**	**11,192**	**1,062**	**10**	**12,827**
Surplus/(deficit) from the income and expenditure account	-	-	977	-	-	**977**
Other comprehensive income	2	51	3,413	21	-	**3,487**
Transfers between general and endowment reserves	-	-	-	-	-	-
Total comprehensive income for the year	**2**	**51**	**4,390**	**21**	**-**	**4,464**
Balance at 31st July 2025	**451**	**165**	**15,582**	**1,083**	**10**	**17,291**

Balance Sheet as at 31 July

	Notes	2025 £'000	2024 £'000
Non current assets			
Tangible Fixed Assets	**16**	528	592
Endowment Assets	**17**	1,533	1,510
Defined benefit obligations	**21**	11,014	6,789
		13,075	**8,891**
Current Assets			
Trade and other receivables	**18**	292	228
Investments	**17**	1,665	1,614
Cash and cash equivalents	**25**	5,014	5,721
		6,971	**7,563**
Creditors - amounts falling due within one year	**19**	**(2,705)**	**(3,566)**
Net Current assets		**4,266**	**3,997**
Total assets less current liabilities		**17,341**	**12,888**
Creditors - amounts falling due after more than one year	**20**	(45)	(52)
Provisions			
Other provisions	**21**	(5)	(9)
Total net assets		**17,291**	**12,827**
Restricted Reserves			
Endowments	**23**	1,227	1,206
Other	**26**	10	10
Total restricted reserves		**1,237**	**1,216**
Unrestricted Reserves			
Endowments	**23**	306	304
Income and expenditure account	**26**	15,748	11,307
Revaluation Reserve		-	-
Total unrestricted reserves		**16,054**	**11,611**
Total Reserves		**17,291**	**12,827**

The financial statements on pages 26 - 54 were approved and authorised for issue by the Governing Body on 28th January 2026 and were signed on its behalf on that date by:-

Stephen Nicholls
Chair of Governors

Kathryn Robson
Chief Executive

STATEMENT OF CASH FLOWS

	Notes	2025 £'000	2024 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		977	954
Adjustment for non-cash items			
Depreciation	**16**	109	119
(Increase)/decrease in debtors	**18**	(21)	(22)
Increase/(decrease) in creditors due within one year	**19**	61	(130)
Increase/(decrease) in creditors due after one year	**20**	-	-
Increase/(decrease) in provisions	**21**	(4)	(5)
Pension costs less contributions payable	**33**	(453)	(383)
Adjustment for investing or financing activities			
Interest receivable	**7**	(102)	(107)
Interest payable		-	-
Increase in deferred income	**19**	(902)	(54)
FRS102 pension finance income	**8**	(359)	(264)
Decrease in prepayments, accrued income and Welsh Government debtors	**18**	(43)	219
Decrease in accruals	**19**	20	2
Taxation paid		-	-
Loss on sale of fixed assets		-	-
Deferred capital grant released to income	**2**	(92)	(101)
Net cash flow from operating activities		**(809)**	**228**
Cash flows from investing activities			
Proceeds from sale of fixed assets	**27**	-	321
Interest receivable	**7**	102	107
Income from investments	**23**	51	90
Income from endowments	**17**	-	-
Capital grants received	**22**	45	33
Drawdown from endowments	**23**	-	(21)
Payments made to acquire endowment assets	**17**	(512)	(335)
Proceeds from sale of endowment assets	**17**	530	336
Payments made to acquire fixed assets	**16**	(45)	(39)
		171	**492**
Cash flows from financing activities			
Interest paid		-	-
New secured loans		-	-
Repayments of amounts borrowed		-	-
		-	**-**
Increase / (decrease) in cash and cash equivalents in the year		**(638)**	**720**
Cash and cash equivalents at beginning of the year	**24**	7,361	6,641
Cash and cash equivalents at end of the year	**24**	6,723	7,361

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2024 to 2025 and in accordance with 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 modified by the revaluation of certain fixed assets.

Basis of Consolidation

The consolidated financial statements include the Organisation and its Branches for the financial year to 31 July 2025. 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 cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

After reviewing the Organisation's forecasts and financial projections, the Trustees are of the opinion that the Organisation will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). Consequently, the Trustees have prepared the financial statements on a going concern basis.

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.

Statement of accounting policies (continued)

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 or held within creditors on the Balance Sheet and released to income as restricted purpose met.

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support fund, Financial Contingency Fund (FCF). Related payments received from the WG and subsequent disbursements to students totalling £3k (2024: £1k), 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 income and expenditure of the Organisation (note 32).

Accounting for post-employment benefits

Post-employment benefits to employees of the Organisation are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The TPS and LGPS are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

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

Statement of accounting policies (continued)

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 of Glamorgan 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 in actuarial gains and losses.

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 £4k relating to 2 former members of Coleg Harlech staff to April 2025 and 1 former member to the year end, 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.

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 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.

Statement of accounting policies (continued)

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
- 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.

Subsequent expenditure on existing tangible fixed assets

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

Equipment

Equipment costing less than £2,000 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
- Solar Panels 10 years / 10% per annum

Statement of accounting policies (continued)

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.

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 does not have any finance leases.

Investments and Endowments

Listed investments held as current asset investments including endowment assets are stated at fair value, with movements recognised in the Statement of 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 2019* (the 2019 FE&HE SORP).

Inventories

The Organisation does not hold inventories.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition. The Organisation at yearend held cash equivalents of £1.7m.

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.

Statement of accounting policies (continued)

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.

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.

Statement of accounting policies (continued)

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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2025. 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	2025 £'000	2024 £'000
2	**Medr & Welsh Government (WG) Grants**			
	Mainstream Recurrent grant		7,751	6,607
	Other Recurrent		318	283
	Release of capital grants	**22**	92	101
	Maintenance, Digital & Capital funding		213	98
	non recurrent grants		314	1,222
	Total		**8,688**	**8,311**
3	**Tuition Fees and Education Contracts**			
	Education Contracts		0	42
	Tuition Fees		350	392
	Other fees including exam fees		11	3
	Total		**361**	**437**
4	**Other Grants and Contracts**			
	Other Grants and Contracts		1,470	1,221
	Total		**1,470**	**1,221**
5	**Other Income**			
	Release of other government capital grants	**22**	-	-
	Individual Subscriptions, Affiliations, Donations		1	1
	Room rental		19	19
	Other miscellaneous		6	4
	Total		**26**	**24**
6	**Branch income**		**3**	**2**
7	**Investment Income**			
	Interest receivable		102	107
	Total		**102**	**107**
8	**Net return on pension scheme**	**33**	**359**	**264**
9	**Donations**		-	-

Notes to the accounts (continued)

10 Staff numbers and costs

The average number of persons (including key management personnel) employed by the Organisation during the year, described as full-time equivalents were:

	Note	Year ended 31 July 2025	Year ended 31 July 2024
Teaching & Learning departments		226	210
Teaching & Learning support services		23	22
Other support services		70	52
Administration and central services		39	38
General Education		2	2
Premises		0	2
Total average staff numbers		**360**	**326**

			2025	2024
Staff Costs for the above persons			**£'000**	**£'000**
Wages and Salaries			5,524	4,999
Social security costs			519	423
Other pension costs	**33**		1,040	927
Payroll sub total			**7,083**	**6,348**
Contracted out staffing services			940	1,196
			8,023	**7,544**
Restructuring costs		Contractual	21	5
		Non-Contractual	48	-
Total Staff costs			**8,092**	**7,549**

The organisation has salary sacrifice arrangements in place for a Cycle Scheme, Childcare Vouchers and from 1st July 2023 Shared Cost Additional Voluntary Contributions

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 (SMT) which comprises the Chief Executive (Accounting Officer), Head of Curriculum and Performance, and Head of Learner Services and Resources for the period ending 31 July 2025.

Notes to the accounts (continued)

11 Key management personnel (continued)

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

	2025 No.	2024 No.
The number of key management personnel including Accounting Officer was:	**3**	**3**

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

	Key management personnel		Other staff	
	2025 No.	2024 No.	2025 No.	2024 No.
£60,001 to £65,000 p.a.	-	2	-	-
£65,001 to £70,000 p.a.	2	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	-	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	-	1	-	-
£95,001 to £100,000 p.a.	1	-	-	-
	3	**3**	**0**	**0**

Key management personnel compensation is made up as follows:

	2025 £'000	2024 £'000
Basic salary	234	224
Benefits in kind	-	-
	234	**224**
Pension Contributions	79	75
Total key management personnel compensation	**313**	**299**

The above compensation includes amounts paid to the Chief Executive who is the Accounting Officer and who is also the highest paid member of staff. Their pay and remuneration is as follows:

Notes to the accounts (continued)

11 Key management personnel (continued)

	2025 £'000	2024 £'000
Basic Salary	97	94
Benefits in kind	-	-
Pension Contributions	33	32
	130	**126**

The Council is aware of its obligations under the Welsh Government's 2017 publication 'Transparency of Senior Remuneration in the Devolved Welsh Public Sector'. The Chief Executive reports to the Chair and Vice Chairs of the Council, who undertook an annual appraisal of performance against the Organisation's goals in 2024-25, using qualitative and quantitative measures of performance. The remuneration of the Chief Executive, as a senior post-holder, is subject to annual consideration by the Search Committee, which decides whether Cost of Living settlements or other increments are applied to it.

Relationship of Chief Executive pay and remuneration expressed as a multiple:

	2025 £'000	2024 £'000
Chief Executive basic salary as a multiple of the median of all AOC|ALW staff	**2.9**	**2.9**
Chief Executive total emoluments as a multiple of the median of all AOC|ALW staff	**3.8**	**3.9**

The above has been calculated based on full time equivalent salaries for all salaried and hourly paid staff. Total emoluments for the Chief Executive are formed of basic salary and pension contributions.

Compensation for loss of office paid to former key management personnel

	2025 £'000	2024 £'000
Compensation paid to former post-holders - contractual	-	-
Compensation paid to former post-holders - non contractual	-	-
Estimated value of other benefits, including provisions for pension benefits	-	-
Number of post-holders	-	-

Of the Governing Body, two staff members were the only Governors paid as employees of the Organisation during the year. All other Governors have the right only to receive payment for reimbursement of travel and subsistence expenses incurred in the course of their duties.

Notes to the accounts (continued)

			2025		2024
		Note	£'000		£'000
12	**Other operating expenses**				
	Teaching costs		157		144
	Non teaching costs:				
	Teaching support services		56		84
	Other support services		69		121
	Administration and central services		710		564
	General Education including Marketing & Promotional		100		162
	Premises Costs		680		626
	Consultancy		75		9
	Branch Expenditure		4		14
	Miscellaneous		(20)		20
	Total		**1,831**		**1,744**

	Other operating expenses included above:					
	Auditors' Remuneration:		£'000	£'000	£'000	£'000
	External audit	Financial	14		12	
		Other	4		5	
				18		**17**
	Internal audit			**11**		**12**

13 Interest and other finance costs

		2025	2024
		£'000	£'000
Net interest on defined pension liability	**33**	-	-
Interest on bank loans, overdrafts and other loans		-	-
Finance Leases		-	-
Total		**0**	**0**

14 Taxation

The trustees do not believe that 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

	2024	2023
	£'000	£'000
The Organisation's surplus / (deficit) for the year	**977**	**954**

Notes to the accounts (continued)

16 Tangible Fixed Assets	Freehold Land & Buildings £'000	Long Leasehold Land & Buildings £'000	Property Improve-ments £'000	Equip-ment £'000	Furniture, Fixtures & Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation							
At 1 August 2024	1,304	-	143	332	71	-	**1,850**
Additions	-	-	-	6	39	-	**45**
Disposals/adjustments	-	-	-	-	-	-	**-**
At 31 July 2025	**1,304**	**-**	**143**	**338**	**110**	**-**	**1,895**
Depreciation							
At 1 August 2024	812	-	118	271	57	-	**1,258**
Charge for the year	35	-	25	39	10	-	**109**
Disposals/adjustments	-	-	-	-	-	-	**-**
At 31 July 2025	**847**	**-**	**143**	**310**	**67**	**-**	**1,367**
Net Book Value at 31 July 25	**457**	**-**	**0**	**28**	**43**	**-**	**528**
Net Book Value at 31 July 2024	492	-	25	61	14	-	592

The Net Book Value of equipment does not include any amounts in respect of assets held under finance leases.

17 Investments

Non Current Investments	**2025**	**2024**
Endowment Assets	**£'000**	**£'000**
Balance at 1 August	1,510	1,446
Purchases of assets	512	342
Sales of assets	(530)	(336)
Sale of endowment assets - Land	-	(7)
Appreciation/(Depreciation) of endowment asset investments	23	92
Movement in cash balances	18	(27)
Balance at 31 July	**1,533**	**1,510**
Represented by:		
Equities, Bonds, Other	1,346	1,341
Cash and deposits	44	26
Land	143	143
	1,533	**1,510**
Current Investments		
Balance at 1st August	1,614	1,524
Invested during the year	-	-
Gain/(loss) on investment during year	51	90
	1,665	**1,614**

Notes to the accounts (continued)

18 Trade and other receivables

	2025	2024
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	109	88
Prepayments and accrued income	183	140
	292	**228**

19 Creditors: amounts falling due within one year

	Notes	2025	2024
		£'000	£'000
Trade payables		37	-
Other taxation and social security		134	110
Accruals - annual leave		118	119
Accruals - other		1,918	1,897
Deferred income - government capital grants	**22**	28	68
Deferred income - government revenue		282	290
Deferred income - other		188	1,082
Total		**2,705**	**3,566**

20 Creditors: amounts falling due after one year

Deferred income - government capital grants	**22**	45	52
Total		**45**	**52**

21 Provisions

	Defined benefit obligations	Enhanced pensions	Total
	£'000	£'000	£'000
At 1 August 2024	(6,789)	9	(6,780)
Expenditure in the period	(1,020)	(4)	(1,024)
Additions in the period	(3,205)	-	(3,205)
At 31 July 2025	**(11,014)**	**5**	**(11,009)**

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 2024	120
Additional funding received	45
Released to income & expenditure account	(92)
At 31 July 2025	**73**

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2025				
	Restricted	Unrestricted			
	Books, Prizes & Learning Supp Materials Fund	Bursaries & Scholar-ships Fund	Books, Prizes & Learning Supp Materials Fund	General Purposes Fund	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2024 as previously stated	**1,206**	**207**	**66**	**31**	**1,510**
Appreciation of Endowment Investments	21	1	1	-	23
Investment Income for year	15	1	1	-	17
Draw down from Endowments	-	-	-	-	-
Sale of Fixed Assets - land	-	-	-	-	-
Investment Management Expenses	(15)	(1)	(1)	-	(17)
At 31 July 2025	**1,227**	**208**	**67**	**31**	**1,533**
Split of Endowments					
Endowments Investments	1,227	65	67	31	1,390
Endowments Fixed Assets	-	143	-	-	143
	1,227	**208**	**67**	**31**	**1,533**

The Fixed Asset Endowments of £143,000 (2024: £143,000) above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. During 23.24 a small proportion of the land, previously used for grazing, was sold to a third-party buyer. A further £163,000 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 Harlech Workers' Educational Association North Wales (CHWEAN).

The majority of the Endowments total, however, is formed of the Tudor Bowen Jones Fund: this is a restricted fund of £1,227,000 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 Tudor Bowen Jones Library. In 2024/25: £10,338 (2023/24: none) of this income was used as a contribution to cataloguing the archive.

	Period Ended 31 July 2024				
	Restricted	Unrestricted			
	Books, Prizes and Learning Support Materials Fund	Bursaries & Scholar-ships Fund	Books, Prizes and Learning Support Materials Fund	General Purposes Fund	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2023 as previously stated	**1,122**	**219**	**72**	**33**	**1,446**
Appreciation of Endowment Investments	85	3	3	1	92
Investment Income for year	14	1	1	1	17
Draw down from Endowments	-	(8)	(9)	(4)	(21)
Sale of Fixed Assets - land	-	(7)	-	-	(7)
Investment Management Expenses	(15)	(1)	(1)	-	(17)
At 31 July 2024	**1,206**	**207**	**66**	**31**	**1,510**
Split of Endowments					
Endowments Investments	1,206	64	66	31	1,367
Endowments Fixed Assets	-	143	-	-	143
	1,206	**207**	**66**	**31**	**1,510**

Notes to the accounts (continued)

24	Cash and Cash Equivalents	1 August 2024	Cash flows	31 July 2025
		£'000	£'000	£'000
	Cash and cash equivalents	5,711	(707)	5,004
	Restricted Funds	10	-	10
	Total	**5,721**	**(707)**	**5,014**
	Investment	1,614	51	1,665
	Total Cash and cash equivalents	**7,335**	**(656)**	**6,679**
	Endowment Asset investments	26	18	44
	Total including Endowment Asset	**7,361**	**(638)**	**6,723**

25	Cash and Cash Equivalents	Note	2025 £'000	2024 £'000
	Cash		1	1
	Handelsbanken bank accounts		3,350	4,107
	Branch Bank accounts		13	13
	Barclays Bank accounts		-	-
	Nationwide Building Society		1,640	1,590
			5,004	**5,711**
	Restricted Fund Accounts:			
	Keith Evans Fund Account		5	5
	Alwyn Evans Fund Account		5	5
	Dil Llewellyn Fund Account		-	-
	Total cash & cash equivalents		**5,014**	**5,721**

26	Movement on General Reserves		
		2025	2024
	Income & Expenditure Account Reserve	**£'000**	**£'000**
	At 1 August	11,294	8,728
	Surplus for the year on continuing operations	977	954
	Transfer from/(to) branch reserves	-	12
	Transfer from/(to) General reserves	-	7
	Gain/(loss) on sale of assets	-	321
	Gain/(loss) on investments	51	90
	Actuarial gain/ (loss) in respect of pension scheme **33**	3,413	1,182
		15,735	**11,294**
	Branch reserves		
	At 1 August	13	25
	Movement for year	-	(12)
		13	**13**
	Total general reserve	**15,748**	**11,307**
	Balance Represented by:		
	Pension Reserve (FRS 102 (28)) **33**	11,014	6,789
	Income and expenditure account reserve excluding pension reserve	4,734	4,518
	As at 31 July	**15,748**	**11,307**

Notes to the accounts (continued)

26 Restricted Reserves

	2025 £'000	2024 £'000
Keith Evans Fund Account (Summer School/Scholarships)	5	5
Alwyn Evans Fund Account (Residential/Scholarships)	5	5
Dil Llewellyn Fund Account	-	-
As at 31 July	**10**	**10**

28 Capital Commitments, Contingencies & Exceptional Items

There were no capital commitments and contingencies at year end or exceptional items during the year.

29 Lease Obligations

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

Future minimum lease payments due	2025 £'000	2024 £'000
Land and buildings		
Not later than one year	90	41
Later than one year and not later than five years	75	64
Later than five years	-	-
	165	**105**
Other		
Not later than one year	10	10
Later than one year and not later than five years	4	14
Later than five years	-	-
	14	**24**

30 Events after the reporting period

There are no events after the reporting period.

Notes to the accounts (continued)

31 Related Party Transactions

Due to the nature of the Organisation's operations and the composition of the Governing Body 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 Governing Body 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 of expenses paid to Governors during the year was £1,485; 16 Governors (2024: £713; 16 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.

During the year 2 staff Governors received remuneration from the Organisation to the value of £35,713 (2024: £34,316). No other Governor has received remuneration or waived payments from the Organisation during the year (2024: nil).

Wales TUC Cymru - Johanna Rees (Policy Officer, TUC Cymru Education) was a Governor of the Organisation from 26th September 2024 and employed by Wales TUC Cymru. Sales transactions in the year amounted to £106,844 (2024: £146,367). There were balances outstanding at the year end of £32,282 (2024: 34,262). There were no purchase transactions during the year or balances outstanding at year end (2024: nil).

Coleg Cymraeg Cenedlaethol - Lisa O'Connor was a Governor of the Organisation during the year and employed by Coleg Cymraeg Cenedlaethol. Sales transactions in the year amounted to £38,400 (2024: £38,400). There were no balances outstanding at the year end (2024: nil). There were no purchase transactions during the year or balances outstanding at year end (2024: nil).

Geirda - Siôn Aled Owen was a Governor of the Organisation during the year and owner of Geirda translation and interpretation services. There were no sales or purchase transactions during the year or balances outstanding at the year end (2024: nil).

Vale of Glamorgan Council - Councillor Chris Franks was a Governor of the Organisation during the year to 31st March 2025. Sales transactions in the year amounted to £930 (2024: £2,080). There were no balances outstanding at the year end (2024: £230). There were no purchase transactions during the year or balances outstanding at year ned (2024: nil).

Education Workforce Council (EWC) - Judith Evans was a Governor of the Organisation during the year from 29th July 2025 and casually employed by EWC. There were no sales transactions in the year or outstanding at year end (2024: nil). Purchase transactions during the year amounted to £7,740 (2024: £8,325). There were no purchase transaction outstanding at year end (2024: nil).

Bangor University - Salamatu Fada & Victory Ezeofor were Governors of the Organisation and employed by Bangor University. There were no sales or purchase transactions during the year or balances outstanding at the year end (2024: nil).

Canolfan Dysgu Cymraeg Cenedlaethol - Dona Lewis was a Governor of the Organisation during the year to 10th March 2025 and employed by Canolfan Dysgu Cymraeg Cenedlaethol. There were no sales or purchase transactions during the year or balances outstanding at the year end (2024: nil).

Bangor City Council - Councillor Salamatu Fada was a Governor for the Organisation during the year. There were no sales or purchase transactions during the year or balances outstanding at the year end (2024: nil).

Welsh Government (WG) - Salamatu Fada (Anti-racism Fellow in support of Climate Change & Rural Affairs (CCRA)) was a Governor of the Organisation during the year and employed by WG. Welsh Government funding received in the year amounted to £8,684,619 (2024: £8,312,349). There were outstanding balances at year end of £97,669 (2024: £14,987). There were no sales or purchase transactions during the year or balances outstanding at the year end (2024: nil).

32 AMOUNTS DISBURSED AS AGENT

Learner Support Fund - Financial Contingency Fund (FCF)

	Year Ended 31 July 2025 £'000	Year Ended 31 July 2024 £'000
WG Grant for year	62	70
Interest earned	-	-
	62	**70**
Paid to third party *	56	87
Disbursed to students **	3	1
Other including administration costs	2	2
Balances unspent/(overspent and funded by ALW) as at 31 July	**1**	**(20)**

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 the 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 benefit 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.

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 2020 and of the LGPS 31 March 2022.

Total pension cost for the year		**2025**		**2023**
		£'000		**£'000**
Teachers' Pension Scheme (TPS): contributions paid		474		373
Local Government Pension Scheme:				
Contributions paid Cardiff & Vale of Glamorgan (CVG)	848		772	
Contributions paid Gwynedd (GC)	172		165	
FRS 102 (28) Cardiff & Vale	(463)		(405)	
FRS 102 (28) Gwynedd	10		22	
Charge to the Statement of Comprehensive Income		**567**		**554**
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		**1,040**		**927**

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2023/24: nil) included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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.

Under the definition set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. 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 plan. The Organisation has set out above the information available on the plan and the implications for the Organisation in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

The latest actuarial review of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education (DfE) in October 2023. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222 billion, giving a notional past service deficit of £40 billion (compared to £22 billion in the 2016 valuation).

As a result of the valuation, new employer contribution rates will increased to 28.68% from April 2024 (compared to 23.68% from September 2019)

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £473,483 (2024: £373,191).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by City and County of Cardiff (CCC) and Gwynedd Council (GC). The total contributions made for the year ended 31 July 2024 were £1,241,078 of which employer's contributions totalled £1,019,536 and employees' contributions totalled £221,542. The agreed contribution rates for future years are 33.6% from April 2023 for Cardiff & Vale of Glamorgan LGPS and 17.3% for Gwynedd LGPS for the Organisation and range from 5.5% to 12.5% for employees, depending on salary.

Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 July 2025 by AON:

	At 31 July 2025	At 31 July 2024
	% pa	% pa
Discount rate	5.8	5.0
CPI Inflation	2.5	2.6
Pension Increase	2.5	2.6
Pension accounts revaluation rate	2.5	2.6
Salary increases	3.5	3.6

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 2025	At 31 July 2024
	years	years
Current Pensioners		
Male	21.9	21.8
Female	24.2	24.1
Future Pensioners*		
Male	22.2	22.1
Female	25.0	24.9

* figures assume members aged 45 as at the last formal valuation date

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)

Asset allocation and expected return on assets

	Value at 31 July 2025		Value at 31 July 2024	
	%	£'000	%	£'000
Equities	66.2	9,320	68.1	8,248
Property	5.8	817	6.0	727
Government bonds	7.8	1,098	7.9	957
Corporate bonds	5.2	732	7.0	848
Multi Asset Credit	5.4	760	5.2	630
Cash	0.6	84	4.1	497
Other	9.0	1,267	1.7	206
Total	**100**	**14,078**	**100**	**12,113**

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:

	2025	2024
	£'000	£'000
Fair value of plan assets	14,078	12,113
Present value of plan liabilities	(7,563)	(8,166)
Net pensions (liability)/asset	**6,515**	**3,947**

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

Active members	61%
Deferred Pensioners	13%
Pensioners	26%

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

Amounts included in staff costs	2025 £'000	2024 £'000
Current service cost	385	365
Past service cost	-	-
Curtailment cost	-	-
Total	**385**	**365**
Amounts included in Finance costs (Note 13)		
Interest on net defined benefit liability / (asset)	(218)	(150)
Total	**167**	**215**
Amount recognised in Other Comprehensive Income		
Asset gains/(losses) arising during the period	510	478
Actuarial gains/(losses) due to changes in financial assumptions	1,444	163
Actuarial gains/(losses) due to changes in demographic assumptions	-	77
Actuarial gains/(losses) due to liability experience	(67)	(9)
Total amount recognised in Other Comprehensive Income	**1,887**	**709**

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Cardiff & Vale of Glamorgan LGPS (continued)

Actual Return on Assets	**2025 £'000**	**2024 £'000**
Interest income on plan assets	626	526
Gain / (loss) on assets	510	478
Actual return on assets	**1,136**	**1,004**

Movement in net defined benefit (liability) / asset during year	**2025 £'000**	**2024 £'000**
Net defined benefit (liability) / asset in scheme at 1 August	**3,947**	**2,683**
Movement in year:		
Current service costs	(385)	(365)
Past service costs	-	-
Curtailment costs	-	-
Employer contributions	848	770
Net interest on the defined (liability) / asset	218	150
Actuarial gain / (loss)	1,887	709
Net defined benefit (liability) / asset in scheme at 31 July	**6,515**	**3,947**

Changes to the present value of the defined benefit obligation	**2025 £'000**	**2024 £'000**
Opening defined benefit obligation	**8,166**	**7,674**
Current service cost	385	365
Interest expense on defined benefit obligation	408	376
Contributions by Scheme participants	153	139
Actuarial gains/(losses) due to changes in financial assumptions	(1,444)	(163)
Actuarial gains/(losses) due to changes in demographic assumptions	-	(77)
Actuarial gains/(losses) due to liability experience	67	9
Net Benefits paid out	(172)	(157)
Past service cost	-	-
Curtailment cost	-	-
Closing defined benefit obligation	**7,563**	**8,166**

Changes in the fair value of plan assets	**2025 £'000**	**2024 £'000**
Opening fair value of plan assets	**12,113**	**10,357**
Interest income on plan assets	626	526
Remeasurement gains / (losses) on plan assets	510	478
Contributions by employer	848	770
Contributions by Scheme participants	153	139
Net benefits paid out	(172)	(157)
Closing fair value of plan assets	**14,078**	**12,113**

Deficit contributions

After a triennial valuation in March 2022 the contribution rate from April 2023 to March 2026 was increased to 33.6% (from 32.7%) with deficit payments due of £60k (23/24), £62k (24/25) and £64k (25/26).

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 2022 updated to 31 July 2025 by Hymans Robertson LLP:

	At 31 July 2025 % pa	At 31 July 2024 % pa
Pension Increase Rate	2.75	2.75
Salary Increase Rate	3.25	3.25
Discount Rate	5.8	5.00

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 2025 years	At 31 July 2024 years
Current Pensioners		
Male	21.4	21.2
Female	23.4	23.4
Future Pensioners*		
Male	22.5	22.2
Female	25.4	25.4

* figures assume members aged 45 as at the last formal valuation date

Asset allocation and expected return on assets	Value at At 31 July 2025 %	Value at At 31 July 2024 %
Equities	67	64
Bonds	8	15
Property	5	6
Cash	20	15
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:

	2025 £'000	2024 £'000
Fair value of plan assets	11,173	10,221
Present value of plan liabilities	(6,674)	(7,379)
Net pensions (liability)/asset	**4,499**	**2,842**

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	26%
Deferred Pensioners	34%
Pensioners	40%

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

Amounts included in staff costs	**2025 £'000**	**2024 £'000**
Current service cost	(182)	(186)
Past service cost	-	-
Total	**(182)**	**(186)**
Amounts included in Finance costs (Note 13)		
Net interest on defined pension liability / (asset)	141	114
Total	**(41)**	**(72)**
Amount recognised in Other Comprehensive Income		
Asset gains/(losses) arising during the period	454	421
Actuarial gains/(losses) due to changes in financial assumptions	1,033	283
Actuarial gains/(losses) due to changes in demographic assumptions	(34)	15
Actuarial gains/(losses) due to liability experience	73	(246)
Total amount recognised in Other Comprehensive Income	**1,526**	**473**

Actual Return on Assets	**2025 £'000**	**2024 £'000**
Interest income on plan assets	510	471
Gain / (loss) on assets	454	421
Actual return on assets	**964**	**892**

Movement in net defined benefit (liability) / asset during year	**2025 £'000**	**2024 £'000**
Net defined benefit (liability) / asset in scheme at 1 August	**2,842**	**2,277**
Movement in year:		
Current service cost	(182)	(186)
Past service cost	-	-
Employer contributions	172	164
Net interest on the defined (liability) / asset	141	114
Actuarial gain / (loss)	1,526	473
Net defined benefit (liability) / asset in scheme at 31 July	**4,499**	**2,842**

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)	2025 £'000	2024 £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	**7,379**	**7,053**
Current Service Cost	182	186
Past Service Cost	-	-
Interest expense on defined benefit obligation	369	357
Contributions by Scheme participants	68	63
Actuarial gains/(losses) due to changes in financial assumptions	(1,033)	(283)
Actuarial gains/(losses) due to changes in demographic assumptions	34	(15)
Actuarial gains/(losses) due to liability experience	(73)	246
Net Benefits paid out	(252)	(228)
Closing defined benefit obligation	**6,674**	**7,379**

	2025	2024
Changes in the fair value of plan assets	**£'000**	**£'000**
Opening fair value of plan assets	**10,221**	**9,330**
Interest income on plan assets	510	471
Remeasurement gains / (losses) on plan assets	454	421
Contributions by employer	172	164
Contributions by Scheme participants	68	63
Net benefits paid out	(252)	(228)
Closing fair value of plan assets	**11,173**	**10,221**

Deficit contributions

After a triennial valuation in March 2022 the contribution rate from April 2023 to March 2026 was decreased to 17.3% (from 23.7%) with no deficit payments due.

Addysg Oedolion Cymru

Adult Learning Wales