

ADDYSG OEDOLION CYMRU / ADULT LEARNING WALES

England & Wales · Charity number 1071234

Details

Other names	THE WORKERS ' EDUCATIONAL ASSOCIATION SOUTH WALES, WEA CYMRU, WEA YMCA CC CYMRU
Status	Registered
Legal form	Charitable company
Company number	03109524
Registered	1998-08-27
Register	View on the Charity Commission register

Contact

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Activities

Objects: TO PROMOTE EDUCATION, IN PARTICULAR FOR ADULTS AND YOUNG PEOPLE, WITHIN THE AREA OF BENEFIT.

Activities: Addysg Oedolion Cymru / Adult Learning Wales provides community and workplace based adult education in Wales.

Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** WALES
- Throughout Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£11,009,000	£10,032,000	£17,291,000	360
2024-07-31	£10,366,000	£9,412,000	£12,827,000	326
2023-07-31	£9,615,000	£9,523,000	£10,209,000	289
2022-07-31	£8,742,000	£9,535,000	£7,633,000	286
2021-07-31	£7,322,000	£7,793,000	£-117,000	270
2020-07-31	£8,027,000	£7,561,000	£-1,513,000	281

Trustees

Name	Role	Appointed
STEPHEN NICHOLLS	Chair	2018-07-16
Aaron Fortt		2025-11-25
Dr Salamatu Fada		2019-08-20
Dr Victory 'Segun Ezeofor		2021-06-14
Emily Carter		2024-10-24
Gillian Jones		2025-11-25
Hannah Thomas		2026-03-09
Janet Tiley		2021-01-01
Johanna Rees		2024-09-26
Judith Evans		2020-12-01
Lisa O'Connor		2024-03-11
Nicole Evelyn Kinnaird		2022-06-14
Sam Emmett		2022-06-14
Sion Aled Owen		2021-11-05
Timothy Palazon		2019-08-20

Accounts

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

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Professional advisers

External auditors:

Baker Knolly 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
Salamat 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 website 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

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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

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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

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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 Knolly 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 £'000	2024 £'000
Staff Costs for the above persons			
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	-	-	-
	<u>3</u>	<u>3</u>	<u>0</u>	<u>0</u>

Key management personnel compensation is made up as follows:

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

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)

	Note	2025 £'000	2024 £'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 £'000	2024 £'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 £'000	2023 £'000
The Organisation's surplus / (deficit) for the year	977	954

Notes to the accounts (continued)

16 Tangible Fixed Assets	Freehold	Long	Property		Furniture,		
	Land & Buildings	Leasehold Land & Buildings	Improve-ments	Equip-ment	Fixtures & Fittings	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'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 £'000	2024 £'000
	Amounts falling due within one year:		
	Trade receivables	109	88
	Prepayments and accrued income	183	140
		<u>292</u>	<u>228</u>

19	Creditors: amounts falling due within one year	2025 £'000	2024 £'000
	Notes		
	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	<u>2,705</u>	<u>3,566</u>

20	Creditors: amounts falling due after one year		
	Deferred income - government capital grants	22 45	52
	Total	<u>45</u>	<u>52</u>

21	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'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	<u>(11,014)</u>	<u>5</u>	<u>(11,009)</u>

Defined benefit obligations relate to the liabilities under the Organisation's membership of the Local Government Pension Scheme. Further details are given in Note 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	<u>73</u>

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2025				
	Restricted	Unrestricted			Total
	Books, Prizes & Learning Supp Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes & Learning Supp Materials Fund £'000	General Purposes Fund £'000	
At 1 August 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
<i>Split of Endowments</i>					
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			Total
	Books, Prizes and Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes and Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 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
<i>Split of Endowments</i>					
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 £'000	2024 £'000
	Income & Expenditure Account Reserve			
	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).

Geirida - Siôn Aled Owen was a Governor of the Organisation during the year and owner of Geirida 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 end (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 £'000	2023 £'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	<u>10</u>	<u>22</u>
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	<u>1,040</u>	<u>927</u>

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 £'000	2024 £'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:

	2025 £'000	2024 £'000
Amounts included in staff costs		
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)

	2025	2024
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	626	526
Gain / (loss) on assets	510	478
Actual return on assets	1,136	1,004
	2025	2024
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		
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
	2025	2024
	£'000	£'000
Changes to the present value of the defined benefit obligation		
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
	2025	2024
	£'000	£'000
Changes in the fair value of plan assets		
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	At 31 July 2024
	% pa	% 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	At 31 July 2024
	years	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	2024
	£'000	£'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:

	2025 £'000	2024 £'000
Amounts included in staff costs		
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

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

	2025 £'000	2024 £'000
Movement in net defined benefit (liability) / asset during year		

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

England & Wales - Charity number 1071234

Accounts



Report and Financial Statements
Year ended 31st July 2024



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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 2024.

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 2023-24, 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 adult 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

Following the appointment of a new Minister for Education and Welsh Language in May 2021, the adult learning sector continues to receive significant attention. With a bold vision to create a “second chance nation,” the Minister has established an External Reference Group to drive a national Co-ordination for Lifelong Learning agenda. Adult Learning Wales (ALW) chairs this group, which is charged with implementing this commitment, guided by the Wales Centre for Public Policy (WCPP) review, Supporting the Welsh Lifelong Learning System (December 2021).

ALW plays a leading role within the group, ensuring strong advocacy for adult community learning. Members include key stakeholders such as local authority adult community learning leads, further and higher education representatives, Wales TUC, the Learning and Work Institute (Wales), the National Centre for Learning Welsh, and the Bevan Foundation.

The Tertiary Education and Research (Wales) Act 2022, passed by the Senedd on 28 June 2022 and receiving Royal Assent on 8 September 2022, establishes the Commission for Tertiary Education and Research (CTER). This new Welsh Government-sponsored body replaces the Higher Education Funding Council for Wales (HEFCW) and will take full operational responsibility by April 2024. CTER will oversee strategy, funding, and governance across the Post-16 Education and Training Sector (PCET), including adult education and community learning.

A PCET Strategy Board has been formed to support the Minister, the Senior Responsible Officer (SRO) for the CTER programme, and government officials. ALW serves as a member of this Board, which provides strategic oversight and expert guidance to ensure the effective delivery of the PCET vision, transition, and implementation of the CTER programme.

Under the UK Government’s Levelling Up agenda, the Shared Prosperity Fund (SPF) supports three key investment priorities: communities and place, supporting local business, and people and skills. These priorities align with the objectives of the Levelling Up White Paper. Within this framework, £103 million has been allocated to Wales for the Multiply Scheme, which aims to enhance adult numeracy skills. ALW has successfully secured contracts to deliver components of this programme across Wales, with completion expected by Spring 2025. This initiative represents a significant investment in skills development, delivered in collaboration with local authority leads.

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 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-Assessment Report (SAR) measures performance throughout the year as part of the Quality cycle. The SAR is written in accordance with guidance from the Welsh Government. Judgements are made using the format of the Estyn Common Inspection Framework which focuses on 5 key questions relating to Standards, Wellbeing and Attitudes to Learning, Teaching and Learning Experiences, Care, Support and Guidance, and Leadership and Management.

The Organisation is continually working to improve and develop processes to ensure that data used to inform planning is produced in a timely fashion, is robust and used effectively across the Organisation to inform the Self-Assessment process. The SAR is located on the Organisation's intranet and can be accessed by all staff. Any areas for development that are identified within the SAR are incorporated into the Quality Development Plan (QDP) which is produced by the Senior Management Team. Monitoring of the QDP is embedded in the Quality cycle and is reviewed at operational, senior management and governance level.

Throughout the year, a range of professional learning and development events have been run to support tutors and core staff on quality related issues to ensure standards are maintained and awarding organisation's requirements are met. These events form part of the learning and development plan. A range of standardisation activities and events were held with opportunities for all staff to engage in assessment and internal quality assurance activities to develop their practices. Reports from Awarding Organisations state that our Internal Quality Assurance processes are in a positive and strong position. The internal quality assessment (IQA) policy is monitored and reviewed for effectiveness and impact of use. Scrutiny of quality control measures is undertaken by the Senior Management Team and by Council, through the Learner Experience Committee.

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

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Student numbers

In 2023/24 the Organisation recruited 8,948 learners, 65.7% female and 34.3% male (all provision). Completion* rates for Welsh Government funded provision only are at 96% overall (1% point above the National Comparator),

Attainment rates are at 88% (1% point below the National Comparator) with Successful Completion at 85% (nearly 1% point above the National Comparators and on par with the 22/23 academic year).

*Completion includes accredited and non-accredited provision. National Comparators (NCs) are 22/23 Benchmark data available via WG LLWR Inform reporting.

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	21,407	436,477	96%	88%	85%
14d	English for Speakers of Other Languages	6,329	171,272	94%	80%	76%
14c	Foundation for Work	4,162	60,842	95%	88%	87%
13	Education & Training	821	32,965	94%	80%	75%
15	Business, Administration and Law	1,981	32,891	99%	97%	95%
9b	Art & Design	1,640	31,898	94%	88%	83%
1	Health, Public Services & Care	1,860	26,571	98%	91%	89%
14b	Adult Basic Education	1,362	19,383	95%	84%	79%
14a	Independent Living Skills	173	14,277	94%	86%	86%
5	Construction, Planning & Built Environment	954	9,288	97%	91%	91%
7c	Hospitality & Catering	610	7,585	96%	93%	89%
9a	Performing Arts	311	7,483	99%	100%	100%
3	Agriculture, Horticulture & Animal Care	332	7,207	95%	98%	97%
4	Engineering & Manufacturing Technology	204	3,594	99%	94%	92%
10	History, Philosophy & Theology	173	2,908	91%	100%	100%
6	Information & Communication Technology	145	2,567	92%	86%	79%
12	Languages, Literature & Culture	154	2,440	93%	86%	76%
7b	Hair & Beauty	83	1,545	98%	84%	82%
7a	Retailing & Customer Care	69	882	99%	90%	88%
2	Science & Mathematics	19	345	100%	95%	95%
12b	Welsh, English and Other Languages	12	270	83%	60%	50%
12a	Welsh for Adults	12	264	92%	82%	75%

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, Trade Union Studies (categorised as Business, Administration and Law), Art & Design, Health, Public Services & Care, Adult Basic Education, and Independent Living Skills.

We have continued our work with asylum seekers and with ethnic minority groups. 16%* of our learners in 2023/24 were from minority ethnic communities. We continue to target the most disadvantaged areas and 49.8%* of our learners live in areas of deprivation. Virtually two thirds of our learners are female at 65.7%* in 23/24 compared to 68%* in the 22/23 academic year and 77%* of our learners are aged between 20 and 60 which is just below 21/22 data of 79.5%.

(*WG provision only)

2.4 Curriculum developments

Provision for 2023/24 continued to be an aggregate of workplace/trade union studies, regional, national and Asylum, Migration and Integration Fund (AMIF) Project curricula, administered from organisational offices and the homes of staff who are dedicated home workers/have agile working practices agreed. The AMIF Project ended at the end of December 2023, having successfully met its outcomes in terms of learner numbers, engaging with over 800 refugees and Third Country Nationals during the timescale of the Project.

2023/24 saw a combination of both face-to-face and online/blended delivery continuing, as appropriate to learners' needs, with the majority (approximately 80%) 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.

Throughout 2023/24, 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 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 Digital Literacy), ESOL and employability skills. ESOL continued to be the largest programme area, in terms of number of delivery hours.

The 2023/24 academic year saw the completion of 6 pilot projects as part of a Citizens' Curriculum for Wales. These were supported by funding from Welsh Government, with Learning and Work Institute as the commissioning body. ALW is led on 2 of the 6 pilots and was also involved in a third. A total of £54k was awarded to ALW to support its Health and Well-being and Global Learning pilots.

For Welsh Government and Estyn purposes, all learning continues to be badged as Adult Community Learning and not Further Education or Work-based Learning.

2.5 Future developments

We are navigating a complex landscape shaped by the lasting impact of the global pandemic, the war in Ukraine, and a Cost-of-Living Crisis that has disrupted our economy and placed increased strain on public spending. This environment adds further pressure on our resources, creating funding uncertainties and emphasising the need for innovative, cost-effective approaches to meet adult learning demands in Wales.

Wales faces significant challenges within this evolving economic landscape, particularly in adult education. Alongside issues posed by an ageing population, rapid technological advancements, and shifting employment patterns, the private sector's slow recovery adds further complexity. Against this backdrop, we are committed to finding efficient and impactful ways of working within a constrained budget.

ALW is confident in its capacity and readiness to meet these challenges. Building on the legacy of our founding organisations, we will continue to champion broad, liberal education that fosters social justice and community engagement, alongside targeted education and training for employability, enterprise, and skill development.

Moving forward, we will regularly review and refine our curriculum to ensure that resources are effectively allocated to enhance our digital framework, expand our programme offering, strengthen partnerships - particularly within the voluntary sector - and consolidate our position as Wales's recognised national provider of Adult Community Learning. Flexibility will remain central to our approach, with a broad range of learning options designed to boost learner engagement and meet diverse needs across Wales.

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 £299k.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances – this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – achieved, as during the year the Organisation was awarded several large grants in order to improve the assets across the organisation.
- to further improve the Organisation's shorter-term liquidity – this was achieved with yearend cash balances being £7.335m including short-term investments.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

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

Financial results

The following table summarises performance for 2023/24 against 2022/23:

	2023/24	2022/23
Operating surplus/(deficit) prior to FRS 102 (28) pension adjustments and net proceeds of sales	£299K	£35K
Operating surplus/(deficit) after FRS 102 (28) pension adjustments and net proceeds of sales	£1,275k	£92k
Current ratio (current assets/current liabilities)	2 : 1	2 : 1
Staff costs as % of income	73%	83%
Welsh Government income as a % of total income	80%	87%
Total unrestricted reserves	£11.611m	£9.077m
Cash balances excluding investments	£5.721m	£5.064m
Net assets	£12.827m	£10.209m

Tangible fixed asset additions during the year amounted to £35k for equipment and £4k 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 £1.367m within two separate non-current investment funds and £1.614m in a current investment fund, all managed by Brewin Dolphin (note 17).

Cash flows and Liquidity

At £261k (2022/23: £620k) the operating cash flow is again positive for the period.

There was an increase in net funds for the year of £720k compared to 2022/23 £672k.

The current ratio remains at a satisfactory level of 2:1 (22/23 2:1). The financial position continues to be stable which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs, but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves. These stood at £11.61m (2022/23: £9.08m) at 31 July 2024, thus the target of £1.6m was met. There has been an increase to the pension surplus in the year of £1.829m resulting in a £6.789m surplus at 31 July 2024. The target of £1.6m 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 2024/25 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 2023 to 31 July 2024 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 2024 there were 239 active hourly paid teaching staff, including support workers, and 112 salaried support staff, 71 full time and 41 part time. The figure of 239 includes those who hold a tutor contract alongside their salaried support contract – this applies to 14 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

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

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

The main risks identified have been compounded by the impact of the legacy pandemic issues coupled with the ongoing cost of living challenges. The situation has decreased the ability to forecast accurately due to the volatility and uncertainty of the current position. In order to mitigate the risks, the Senior Officers of the Organisation are in regular contact with the Welsh Government in order to identify and manage key challenges.

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

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

Funding Uncertainty and Public Spending Constraints

Risk: ALW relies significantly on public funding, and with current economic pressures, public spending is under strain. Uncertainty around future funding allocations poses a risk to programme sustainability, growth, and our ability to respond to increased demand for adult learning across Wales.

Controls: ALW actively engages with Welsh Government and other funding bodies to secure funding stability. Our finance team closely monitors budgets and adjusts spending proactively in response to changes in funding.

Additionally, we are developing diversified funding streams, including income generation through delivery and accreditation services, to reduce reliance on any single funding source.

Economic Instability and Cost Pressures

Risk: Rising inflation and general economic instability have increased operational costs. This environment creates challenges for maintaining cost-effective service delivery and may impact ALW's ability to expand or sustain some services without additional funding.

Controls: ALW employs strict budget monitoring and cost-control measures to manage rising costs. We also implement a rolling review of resource allocation to identify efficiencies. Contingency plans are in place to manage unexpected cost increases, and our agile working policy helps to minimise overhead expenses.

Changing Labour Market and Skills Demands

Risk: Rapid changes in technology and employment patterns, coupled with an ageing population, continue to reshape skills needs across Wales. A misalignment between our curriculum and the labour market's evolving requirements could impact learner outcomes and satisfaction.

Controls: Our curriculum team works closely with Regional Skills Partnerships, employers, and industry experts to ensure our offerings align with current market needs. Regular curriculum reviews, with input from stakeholders, allow us to update programmes in response to labour market trends. A robust professional development framework ensures that staff are equipped with up-to-date skills to deliver relevant training.

Digital Divide and Access to Learning

Risk: As ALW expands its digital offerings, some learners may lack the resources or digital skills needed to participate fully in online learning.

Controls: ALW provides targeted digital literacy training and resources to learners, helping them develop the necessary skills to engage with online platforms. We also offer hybrid learning models that combine in-person support with digital learning. In partnership with local organisations, we work to provide access to devices and internet connectivity for learners in need.

Dependence on Partnerships and Collaborations

Risk: ALW's success relies heavily on strong partnerships with regional, national, and local entities. Changes in partnership arrangements, priorities, or funding among these entities could disrupt service delivery and impact learner recruitment and retention.

Controls: ALW has a dedicated Partnerships Team to maintain strong, proactive relationships with key stakeholders. Regular communication, formalised agreements, and collaborative planning sessions help mitigate disruptions. Additionally, we monitor partnership performance and establish contingency plans with alternative partners where possible to ensure continuity.

Recruitment and Retention of Skilled Staff

Risk: Attracting and retaining skilled educators and support staff is critical. The competitive labour market may lead to staff turnover and recruitment challenges.

Controls: ALW offers competitive salary packages, professional development opportunities, and flexible working arrangements to attract and retain talent. We have established a robust recruitment process to identify and onboard qualified professionals efficiently and have a succession planning strategy to minimise the impact of turnover.

Compliance and Regulatory Risks

Risk: Changes in regulatory requirements or shifts in Welsh Government priorities could introduce compliance challenges or necessitate curriculum adjustments, impacting operational continuity and financial planning.

Controls: ALW has a dedicated Compliance and Quality Assurance team that closely monitors regulatory updates and ensures ongoing alignment with Estyn and Welsh Government standards. Regular audits, staff training on compliance matters, and structured quality checks are conducted to mitigate regulatory risks.

AMIF Project Completion and Transition

Risk: The AMIF Project closed in December 2023 and there is a risk of service gaps for the refugee and migrant populations served by this project, which may affect our inclusivity commitments.

Controls: ALW is working with stakeholders to explore alternative funding and project transition opportunities. We are also identifying potential partnerships to continue offering support to refugees and Third Country Nationals where feasible. An exit strategy is in place to ensure that services are not abruptly discontinued.

Cybersecurity Threats

Risk: As ALW expands its digital framework and relies more on technology for operational and educational purposes, it faces a heightened risk of cyber threats, including data breaches, ransomware attacks, and phishing. A successful cyber-attack could disrupt service delivery, compromise sensitive learner and staff data, and damage ALW's reputation.

Controls: ALW has implemented a comprehensive cybersecurity strategy that includes regular vulnerability assessments, firewalls, and multi-factor authentication to protect systems and data. Staff are provided with mandatory cybersecurity training to recognise and report phishing and other cyber threats. We also maintain a dedicated IT security team that monitors and responds to emerging threats. A robust incident response plan is in place to ensure quick and effective action in the event of a cyber incident, including data backup protocols and communication procedures to minimise disruptions.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- Welsh Government
- 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 Learner Services and Human Resources team continues 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 30 January 2025 and signed on its behalf by:

John Graystone
Chair of Governors

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Professional advisers

External auditors:

Baker Knollys 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 2024.

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. 2023) or Resignation date	Committee Membership	Council meetings attended (out of 5 in total)
John Graystone	Chair; Appointed		Search (Chair)	5
Stephen Nicholls	Appointed; Vice Chair		Resources (Chair); Search	5
Salamatu Fada	Appointed; Vice Chair		Learner Experience (Chair); Search	4
Chris Franks	Elected Members' Governor		Audit (Chair)	5
Marion Burke	Appointed	Resigned 31 October 2023	Learner Experience	1 (out of 1)
Cathy Clark	Elected Learner Governor		Learner Experience	5
Victory Ezeofor	Elected Regional Governor	Re-elected on 14 June 2024	Audit	3
Jan Tiley	Elected Learner Governor		Resources	5
Sam Emmett	Elected Staff Governor		Learner Experience	3
Judith Evans	Appointed		Resources	4
Nicole Kinnaird	Elected Staff Governor		Resources	2
Sion Aled Owen	Elected Regional Governor		Learner Experience	3
Jenni Jones-Annetts	Elected Learner Governor	Resigned on 12 July 2024	Learner Experience	4
Dona Lewis	Appointed		Resources	4
Timothy Palazon	Appointed		Learner Experience	5
Lisa O'Connor	Appointed	Appointed on 11 March 2024	Resources	1 (out of 2)

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 2023-24 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:

Stephen Thomas
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 2023-24 were: Paul Charlton, Graham Price and Guy Wallace Smith (Audit Committee); Zaina Aljumma, Ashok Chopra and Sharon Clancy (Learner Experience Committee); Patience Bentu and Susan Roberts (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 have been up to 12 elected members (variously nominated by Regional Forums, individual members, learners and staff) and up to 8 appointed members. The Council is responsible for ensuring that appropriate training is provided for its members as required. The Council adheres to the 2016 Code of Good Governance for Colleges in Wales.

Audit Committee

The Audit Committee comprises 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 2024 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 3rd April 2025 and signed on its behalf by:

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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

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

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

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

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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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 30 January 2025 and signed on its behalf by:

John Graystone
Chair of Governors

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Independent Auditors' Report to the Governing Body (Council) 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 2024, 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 the Welsh Government.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2024 (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2024; 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 ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which include the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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

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.

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.

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 23, 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.

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:

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

- *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.

Other required reporting

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2016 issued by the Welsh Government

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the organisation for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- 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 Knogle Audit Limited
Statutory Auditors
Orbit Business Centre, Merthyr Tydfil, CF48 1DL

Date:

Statement of Comprehensive Income

INCOME	Notes	2024 £'000	2023 £'000
Welsh Government Grants	2	8,311	8,327
Tuition fees and education contracts	3	437	559
Other grants and contracts	4	1,221	544
Other Income	5	24	18
Branch Income	6	2	10
Investment Income	7	107	64
Pension Finance Income	8	264	93
Donations and Endowments	9	-	-
Total Income		10,366	9,615
EXPENDITURE			
Staff costs	10	7,549	8,001
Other operating expenses	12	1,730	1,400
Depreciation	16	119	113
Interest and other finance costs	13	-	-
Branch Expenditure	12	14	9
Total Expenditure		9,412	9,523
(Deficit)/Surplus before other gains and losses	15	954	92
Gain/(loss) on disposal of assets	27	321	-
(Deficit)/Surplus before tax		1,275	92
Taxation	14	-	-
(Deficit)/Surplus for the year		1,275	92
General Reserve movement	26	7	0
Gain/(loss) on Endowments	17	64	(33)
Gain/(loss) on Investments	17	90	24
Actuarial gain/(loss) in respect of pensions schemes	33	1,182	2,493
Total Comprehensive Income for the year		2,618	2,576
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		2,464	2,585
Investment comprehensive income	26	90	24
Endowment comprehensive income		64	(33)
		2,618	2,576

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 2022	495	0	6,143	985	10	7,633
Surplus/(deficit) from the income and expenditure account	-	-	92	-	-	92
Other comprehensive income	(26)	24	2,493	(7)	-	2,484
Transfers between revaluation and income and expenditure expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	(26)	24	2,585	(7)	-	2,576
Balance at 31st July 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 general and endowment 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

Balance Sheet as at 31 July

	Notes	2024 £'000	2023 £'000
Non current assets			
Tangible Fixed Assets	16	592	672
Endowment Assets	17	1,510	1,446
Defined benefit obligations	21	6,789	4,960
		8,891	7,078
Current Assets			
Trade and other receivables	18	228	425
Investments	17	1,614	1,524
Cash and cash equivalents	25	5,721	5,064
		7,563	7,013
Creditors - amounts falling due within one year	19	(3,566)	(3,766)
Net Current assets		3,997	3,247
Total assets less current liabilities		12,888	10,325
Creditors - amounts falling due after more than one year	20	(52)	(102)
Provisions			
Other provisions	21	(9)	(14)
Total net assets		12,827	10,209
Restricted Reserves			
Endowments	23	1,206	1,122
Other	26	10	10
Total restricted reserves		1,216	1,132
Unrestricted Reserves			
Endowments	23	304	324
Income and expenditure account	26	11,307	8,753
Revaluation Reserve		-	-
Total unrestricted reserves		11,611	9,077
Total Reserves		12,827	10,209

The financial statements on pages 26 - 54 were approved and authorised for issue by the Governing Body on 3rd April 2025 and were signed on its behalf on that date by:-

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

STATEMENT OF CASH FLOWS

	Notes	2024 £'000	2023 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		954	92
Adjustment for non-cash items			
Depreciation	16	119	113
(Increase)/decrease in debtors	18	197	(51)
Increase/(decrease) in creditors due within one year	19	(200)	660
Increase/(decrease) in creditors due after one year	20	(50)	(68)
Increase/(decrease) in provisions	21	(5)	(5)
Pension costs less contributions payable	33	(647)	(57)
Adjustment for investing or financing activities			
Interest receivable		(107)	(64)
Interest payable		-	-
Net cash flow from operating activities		261	620
Cash flows from investing activities			
Proceeds from sale of fixed assets	27	321	-
Interest receivable		107	64
Income from endowments	23	-	(8)
Income from investments	17	90	24
Payments made to acquire fixed assets	16	(39)	(24)
Payments made to acquire endowment assets	17	(335)	(377)
Proceeds from sale of endowment assets	17	336	373
Drawdown from endowments	23	(21)	-
		459	52
Cash flows from financing activities			
Interest paid		-	-
New secured loans		-	-
Repayments of amounts borrowed		-	-
		-	-
Increase / (decrease) in cash and cash equivalents in the year		720	672
Cash and cash equivalents at beginning of the year	24	6,641	5,969
Cash and cash equivalents at end of the year	24	7,361	6,641

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 2023 to 2024 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 2024. Intra-group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Going Concern

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

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 £1k (2023: £5k) 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 £5k relating to 2 former members of Coleg Harlech staff that left its employment, by arrangement, prior to the merger with the WEA (North Wales) in 2001. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision. These costs have been charged against the enhanced pension provision in the balance sheet.

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

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

Statement of accounting policies (continued)

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 year end held cash equivalents of £1.6m.

Financial liabilities and equity

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

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

Foreign currency translation

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

Statement of accounting policies (continued)

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

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 2024. 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	2024 £'000	2023 £'000
2 Welsh Government (WG) Grants			
WG Mainstream Recurrent grant		6,607	5,864
WG Other Recurrent		283	217
WG release of capital grants	22	101	96
WG Maintenance, Digital, SOP & Capital funding		98	134
WG non recurrent grants		1,222	2,016
Total		8,311	8,327
3 Tuition Fees and Education Contracts			
Education Contracts		42	142
Tuition Fees		392	413
Other fees including exam fees		3	4
Total		437	559
4 Other Grants and Contracts			
Other Grants and Contracts		1,221	544
Total		1,221	544
5 Other Income			
Release of other government capital grants	22	-	-
Individual Subscriptions, Affiliations, Donations		1	2
Room rental		19	12
Other miscellaneous		4	4
Total		24	18
6 Branch income		2	10
7 Investment Income			
Interest receivable		107	64
Total		107	64
8 Net return on pension scheme	33	264	93
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 2024	Year ended 31 July 2023
Teaching & Learning departments		210	218
Teaching & Learning support services		22	14
Other support services		52	34
Administration and central services		38	36
General Education		2	1
Premises		2	3
Total average staff numbers		326	306
Staff Costs for the above persons		2024 £'000	2023 £'000
Wages and Salaries		4,999	4,828
Social security costs		423	427
Other pension costs	33	927	1,278
Payroll sub total		6,348	6,533
Contracted out staffing services		1,196	1,356
		7,544	7,889
Restructuring costs	Contractual	5	22
	Non-Contractual	-	90
Total Staff costs		7,549	8,001

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 2024.

Notes to the accounts (continued)

11 Key management personnel (continued)

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

	2024 No.	2023 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	
	2024 No.	2023 No.	2024 No.	2023 No.
£55,001 to £60,000 p.a.	-	-	-	-
£60,001 to £65,000 p.a.	2	2	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£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	1	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2024 £'000	2023 £'000
Basic salary	224	216
Benefits in kind	-	-
	<u>224</u>	<u>216</u>
Pension Contributions	75	71
	<u>75</u>	<u>71</u>
Total key management personnel compensation	<u>299</u>	<u>288</u>

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)

	2024 £'000	2023 £'000
Basic Salary	94	91
Benefits in kind	-	-
Pension Contributions	32	30
	126	121

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 2023-24, 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:

	2024 £'000	2023 £'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	3.9	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

	2024 £'000	2023 £'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)

	Note	2024 £'000	2023 £'000
12 Other operating expenses			
Teaching costs		144	122
Non teaching costs:			
Teaching support services		84	181
Other support services		121	67
Administration and central services		564	426
General Education including Marketing & Promotional		162	68
Premises Costs		626	514
Consultancy		9	22
Branch Expenditure		14	9
Miscellaneous		20	-
Total		1,744	1,409

Other operating expenses included above:

		£'000	£'000	£'000	£'000
Auditors' Remuneration:					
External audit	Financial	12		12	
	Other	5		5	
		17		17	
Internal audit		12		9	

13 Interest and other finance costs

		2024 £'000	2023 £'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 £'000	2023 £'000
The Organisation's surplus / (deficit) for the year	954	92

Notes to the accounts (continued)

	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
16 Tangible Fixed Assets							
Cost or valuation							
At 1 August 2023	1,304	-	143	297	67	-	1,811
Additions	-	-	-	35	4	-	39
Disposals/adjustments	-	-	-	-	-	-	-
At 31 July 2024	1,304	-	143	332	71	-	1,850
Depreciation							
At 1 August 2023	777	-	92	219	51	-	1,139
Charge for the year	35	-	26	52	6	-	119
Disposals/adjustments	-	-	-	-	-	-	-
At 31 July 2024	812	-	118	271	57	-	1,258
Net Book Value at 31 July 24	492	-	25	61	14	-	592
Net Book Value at 31 July 2023	527	-	51	78	16	-	672

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

17 Investments

Non Current Investments	2024	2023
Endowment Assets	£'000	£'000
Balance at 1 August	1,446	1,479
Purchases of assets	342	377
Sales of assets	(336)	(373)
Sale of endowment assets - Land	(7)	-
Appreciation/(Depreciation) of endowment asset investments	92	(25)
Movement in cash balances	(27)	(12)
Balance at 31 July	1,510	1,446
Represented by:		
Equities, Bonds, Other	1,341	1,243
Cash and deposits	26	53
Land	143	150
	1,510	1,446
Current Investments		
Balance at 1st August	1,524	-
Invested during the year	-	1,500
Gain/(loss) on investment during year	90	24
	1,614	1,524

Notes to the accounts (continued)

18	Trade and other receivables	2024 £'000	2023 £'000
	Amounts falling due within one year:		
	Trade receivables	88	66
	Prepayments and accrued income	140	359
		228	425

19	Creditors: amounts falling due within one year	2024 £'000	2023 £'000
	Notes		
	Trade payables	-	84
	Other taxation and social security	110	156
	Accruals - annual leave	119	119
	Accruals - other	1,897	1,895
	Deferred income - government capital grants	68	86
	Deferred income - government revenue	290	456
	Deferred income - other	1,082	970
	Total	3,566	3,766

20	Creditors: amounts falling due after one year		
	Deferred income - government capital grants	52	102
	Total	52	102

21	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
	At 1 August 2023	(4,960)	14	(4,946)
	Expenditure in the period	(934)	(5)	(939)
	Additions in the period	(895)	-	(895)
	At 31 July 2024	(6,789)	9	(6,780)

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 2023	188
	Additional funding received	33
	Released to income & expenditure account	(101)
	At 31 July 2024	120

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2024				
	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 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

The Fixed Asset Endowments of £143,000 (2023: £150,000) above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. During the year a small proportion of the land, previously used for grazing, was sold to a third-party buyer. A further £161,000 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 £1,206,000 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 2023/24: none (2022/23: none) of this income was used to purchase such materials.

	Period Ended 31 July 2023				
	Restricted	Unrestricted			
	Books, Prizes and Learning Support Materials Fund	Bursaries & Scholarships Fund	Books, Prizes and Learning Support Materials Fund	General Purposes Fund	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2022 as previously stated	1,148	221	75	35	1,479
Depreciation of Endowment Investments	(17)	(3)	(3)	(2)	(25)
Investment Income for year	16	1	1	-	18
Draw down from Endowments	-	-	-	-	-
Investment Management Expenses	(25)	-	(1)	-	(26)
At 31 July 2023	1,122	219	72	33	1,446
Split of Endowments					
Endowments Investments	1,122	69	72	33	1,296
Endowments Fixed Assets	-	150	-	-	150
	1,122	219	72	33	1,446

Notes to the accounts (continued)

24	Cash and Cash Equivalents	1 August 2023	Cash flows	31 July 2024
		£'000	£'000	£'000
	Cash and cash equivalents	5,054	657	5,711
	Restricted Funds	10	-	10
	Investment	1,524	90	1,614
	Endowment Asset investments	53	(27)	26
	Total	6,641	720	7,361

25	Cash and Cash Equivalents	Note	2024	2023
			£'000	£'000
	Cash		1	1
	Handelsbanken bank accounts		4,107	3,487
	Branch Bank accounts		13	25
	Barclays Bank accounts		-	1
	Nationwide Building Society		1,590	1,540
			5,711	5,054
	Restricted Fund Accounts:			
	Keith Evans Fund Account		5	5
	Alwyn Evans Fund Account		5	5
	Dil Llewellyn Fund Account		-	-
	Total cash & cash equivalents		5,721	5,064

26	Movement on General Reserves		2024	2023
			£'000	£'000
	Income & Expenditure Account Reserve			
	At 1 August		8,728	6,119
	Surplus for the year on continuing operations		954	92
	Transfer from/(to) branch reserves		12	-
	Transfer from/(to) General reserves		7	-
	Gain/(loss) on sale of assets		321	-
	Gain/(loss) on investments		90	24
	Actuarial gain/ (loss) in respect of pension scheme	33	1,182	2,493
			11,294	8,728
	Branch reserves			
	At 1 August		25	25
	Movement for year		(12)	-
			13	25
	Total general reserve		11,307	8,753
	Balance Represented by:			
	Pension Reserve (FRS 102 (28))	33	6,789	4,960
	Income and expenditure account reserve excluding pension reserve		4,518	3,793
	As at 31 July		11,307	8,753

Notes to the accounts (continued)

26 Restricted Reserves	2024 £'000	2023 £'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

27 Gain on sale of assets*Land, Harlech*

During the year the Organisation completed the sale of a parcel of land located in Harlech to a third-party buyer. The land which was gifted as part of an endowment was previously used for grazing. The sale of the land was £293k resulting in a gain after fees of £282k over the book value of £7k.

The land was recognised at it's book value of £150k prior to the sale. Net proceeds from the sale were used to support the financial health of the Organisation. As at 31st July 2024 the remaining endowment land is valued at £143k.

Garage workshop & store, Harlech

During the year the Organisation completed the sale of garage workshop and store located in Harlech to a third-party buyer. The asset prior to sale had been valued and a nil book value. The sale of the asset was £40k resulting in a gain after fees of £39k. Net proceeds from the sale were used to support the financial health of the Organisation.

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	2024 £'000	2023 £'000
Land and buildings		
Not later than one year	41	39
Later than one year and not later than five years	64	7
Later than five years	-	-
	105	46
Other		
Not later than one year	10	3
Later than one year and not later than five years	14	7
Later than five years	-	-
	24	10

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 £713; 16 Governors (2023: £1,183; 17 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 £34,316 (2023: £26,863). No other Governor has received remuneration or waived payments from the Organisation during the year (2023: nil).

Wales TUC Cymru - Marion Burke (Policy Officer, Wales TUC Education) was a Governor of the Organisation to 31st October 2023 and employed by Wales TUC Cymru. Sales transactions in the year amounted to £146,367 (2023: £154,928). There were balances outstanding at the year end of £34,262 (2023: nil). There were no Purchase transactions during the year or balances outstanding at year end (2023: nil).

Coleg Cymraeg Cenedlaethol - Lisa O'Connor was a Governor of the Organisation from 11th March 2024 and employed by Coleg Cymraeg Cenedlaethol. Sales transactions in the year amounted to £38,400 (2023: £38,400). There were no balances outstanding at the year end (2023: nil). There were no Purchase transactions during the year or balances outstanding at year end (2023: 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 (2023: nil).

Vale of Glamorgan Council - Councillor Chris Franks (Dinas Powys ward) was a Governor of the Organisation during the year. Sales transactions in the year amounted to £2,080 (2023: £2,661). There were balances outstanding at the year end of £250 (2023: nil). There were no Purchase transactions during the year or balances outstanding at year end (2023: 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 (2023: nil).

Canolfan Dysgu Cymraeg Cenedlaethol - Dona Lewis was a Governor of the Organisation during the year and employed by Canolfan Dysgu Cymraeg Cenedlaethol. There were no Sales or Purchase transactions during the year or balances outstanding at the year end (2023: 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 from 1st March 2024. Welsh Government funding received in the year amounted to £8,312,349 (2023: £8,694,285). There were outstanding balances at year end of £14,987 (2023: £107,989). There were no Sales or Purchase transactions during the year or balances outstanding at the year end (2023: nil).

32 AMOUNTS DISBURSED AS AGENT

Learner Support Fund - Financial Contingency Fund (FCF)

	Year Ended 31 July 2024 £'000	Year Ended 31 July 2023 £'000
WG Grant for year	70	76
Interest earned	-	-
	70	76
Paid to third party *	87	56
Disbursed to students **	1	5
Other including administration costs	2	2
Balances unspent/(overspent and funded by ALW) as at 31 July	(20)	13

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	2023 £'000	2022 £'000
Teachers' Pension Scheme (TPS): contributions paid	373	326
Local Government Pension Scheme:		
Contributions paid Cardiff & Vale of Glamorgan (CVG)	772	664
Contributions paid Gwynedd (GC)	165	252
FRS 102 (28) Cardiff & Vale	(405)	(71)
FRS 102 (28) Gwynedd	<u>22</u>	<u>107</u>
Charge to the Statement of Comprehensive Income	554	952
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>927</u>	<u>1,278</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2022/23: 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 rise 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 £373,191 (2023: £325,584).

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 £1,139,056 of which employer's contributions totalled £936,547 and employees' contributions totalled £202,508. 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 2024 by AON:

	At 31 July 2024	At 31 July 2023
	% pa	% pa
Discount rate	5.0	4.9
CPI Inflation	2.6	2.6
Pension Increase	2.6	2.6
Pension accounts revaluation rate	2.6	2.6
Salary increases	3.6	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 2024	At 31 July 2023
	years	years
Current Pensioners		
Male	21.8	22
Female	24.1	24.2
Future Pensioners*		
Male	22.1	22.6
Female	24.9	25.3

* 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 2024		Value at 31 July 2023	
	%	£'000	%	£'000
Equities	68.1	8,248	68.1	7,053
Property	6.0	727	7.0	725
Government bonds	7.9	957	8.8	911
Corporate bonds	7.0	848	7.5	777
Multi Asset Credit	5.2	630	5.3	549
Cash	4.1	497	3.3	342
Other	1.7	206	0.0	0
Total	100	12,113	100	10,357

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:

	2024 £'000	2023 £'000
Fair value of plan assets	12,113	10,357
Present value of plan liabilities	(8,166)	(7,674)
Net pensions (liability)/asset	3,947	2,683

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:

	2024 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	365	575
Past service cost	-	-
Curtailment cost	-	-
Total	365	575

Amounts included in Finance costs (Note 13)

Interest on net defined benefit liability / (asset)	(150)	(45)
Total	215	530

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	478	(59)
Liability gains/(losses) arising during the period	231	1,625
Total amount recognised in Other Comprehensive Income	709	1,566

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

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

	2024	2023
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	526	330
Gain / (loss) on assets	478	(59)
Actual return on assets	1,004	271
	2024	2023
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	2,683	1,001
Movement in year:		
Current service costs	(365)	(575)
Past service costs	-	-
Curtailment costs	-	-
Employer contributions	770	646
Net interest on the defined (liability) / asset	150	45
Actuarial gain / (loss)	709	1,566
Net defined benefit (liability) / asset in scheme at 31 July	3,947	2,683
	2024	2023
	£'000	£'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	7,674	8,308
Current service cost	365	575
Interest expense on defined benefit obligation	376	285
Contributions by Scheme participants	139	129
Experience (gains) / losses on defined benefit obligations	(231)	(1,625)
Net Benefits paid out	(157)	2
Past service cost	-	-
Curtailment cost	-	-
Closing defined benefit obligation	8,166	7,674
	2024	2023
	£'000	£'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	10,357	9,309
Interest income on plan assets	526	330
Remeasurement gains / (losses) on plan assets	478	(59)
Contributions by employer	770	646
Contributions by Scheme participants	139	129
Net benefits paid out	(157)	2
Closing fair value of plan assets	12,113	10,357

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 2024 by Hymans Robertson LLP:

	At 31 July 2024 % pa	At 31 July 2023 % pa
Pension Increase Rate	2.75	3.00
Salary Increase Rate	3.25	3.50
Discount Rate	5.00	5.05

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 2024 years	At 31 July 2023 years
Current Pensioners		
Male	21.2	21.3
Female	23.4	23.4
Future Pensioners*		
Male	22.2	22.3
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 2024 %	Value at At 31 July 2023 %
Equities	64	66
Bonds	15	5
Property	6	8
Cash	15	21
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:

	2024 £'000	2023 £'000
Fair value of plan assets	10,221	9,330
Present value of plan liabilities	(7,379)	(7,053)
Net pensions (liability)/asset	2,842	2,277

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:

	2024 £'000	2023 £'000
Amounts included in staff costs		
Current service cost	(186)	(313)
Past service cost	-	(46)
Total	(186)	(359)

Amounts included in Finance costs (Note 13)

Net interest on defined pension liability / (asset)	114	48
Total	(72)	(311)

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	421	(62)
Liability gains/(losses) arising during the period	52	989
Total amount recognised in Other Comprehensive Income	473	927

	2024 £'000	2023 £'000
Actual Return on Assets		
Interest income on plan assets	471	318
Gain / (loss) on assets	421	(62)
Actual return on assets	892	256

	2024 £'000	2023 £'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	2,277	1,409
Movement in year:		
Current service cost	(186)	(313)
Past service cost	-	(46)
Employer contributions	164	252
Net interest on the defined (liability) / asset	114	48
Actuarial gain / (loss)	473	927
Net defined benefit (liability) / asset in scheme at 31 July	2,842	2,277

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)	2024 £'000	2023 £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	7,053	7,618
Current Service Cost	186	313
Past Service Cost	-	46
Interest expense on defined benefit obligation	357	270
Contributions by Scheme participants	63	63
Experience (gains) / losses on defined benefit obligations	(52)	(1,048)
Net Benefits paid out	(228)	(209)
Closing defined benefit obligation	7,379	7,053
	2024 £'000	2023 £'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	9,330	9,027
Interest income on plan assets	471	318
Remeasurement gains / (losses) on plan assets	421	(121)
Contributions by employer	164	252
Contributions by Scheme participants	63	63
Net benefits paid out	(228)	(209)
Closing fair value of plan assets	10,221	9,330

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.



Accounts



Report and Financial Statements
Year ended 31st July 2023



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Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

The Council present their report and the audited financial statements for the year ended 31 July 2023.

With a history of providing quality education spanning 100 years, Adult Learning Wales (ALW), the National Adult Community Learning Provider, serves the adult population of Wales with inspirational, life-changing learning opportunities.

Drawing on our strong partnerships, our vision sees us at the forefront for growth in lifelong learning, prioritising opportunities for those who are hardest to reach, empowering and upskilling people and delivering equal access to Welsh medium provision. We are committed to supporting health and wellbeing initiatives, developing strong resilient communities, and promoting active democracy.

The Covid-19 pandemic has presented many challenges and whilst there has been disruption and a decline in curriculum delivery, we have grasped the opportunities afforded to us to grow our digital offer. This meant a significant shift to on-line delivery and as restrictions were lifted during 2023, we were able to return to more in-person learning with 80% of our delivery now in place across community venues.

Alongside this, we are working within a continually challenging economic environment impacted greatly by conflicts across the globe and the Cost of Living Crisis, where reliance on public funding alone is uncertain. The labour market is changing fast in Wales and there is a need for people to learn new skills, particularly those associated with digital technologies. The landscape requires us to work collaboratively and demonstrate intelligent business efficiency in order to expand our reach and promote the value of adult community learning. Enabling the working poor to upskill is our passion and priority, as well as helping to tackle broader poverty issues, such as unemployment and homelessness.

It is crucial to nurture the skill of learning over a lifetime to secure informed, flexible, intelligent, and healthy workforces and communities. The economic, social, and civic advantages of developing a truly lifelong learning society in Wales will be profound; giving us the cutting edge that we need for our communities to be resilient, for our economy to adapt to changing circumstances and for our democracy to thrive.

Our new 3 year strategic plan (2023-2026) focuses on supporting and enabling the widest range of learners to achieve success whilst developing and sustaining existing relationships and developing new ones. Our work to advance our position as the leading adult community learning provider in Wales and to be recognised nationally as the ACL provider of choice remains a priority.

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 adult 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 technology enhanced 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 on 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

Following the appointment of a new Minister for Education and Welsh Language in May 2021 significant focus has been given to the adult learning sector. With an ambitious policy statement to create a “second chance nation”, the Minister has established an External Reference Group tasked with delivering a programme of national Co-ordination for Lifelong Learning. ALW Chairs this group.

The programme is in place to deliver against this commitment, informed by the Wales Centre for Public Policy review [Supporting the Welsh Lifelong Learning system | WCPP](#) December 2021. As a lead member of the group ALW will endeavour to make strong representation on matters relating to adult community learning. Other members include adult community learning leads in local authorities, further and higher education, Wales TUC, the Learning and Work Institute (Wales), the National Centre for Learning Welsh and the Bevan Foundation.

The [Tertiary Education and Research \(Wales\) Act 2022](#) was passed by the Senedd on 28 June 2022 and received Royal Assent on 8 September 2022. The Act establishes the Commission for Tertiary Education and Research (CTER), a new Welsh Government sponsored body, and dissolves the Higher Education Funding Council for Wales (HEFCW). The Commission will be in place by April 2024 and will be responsible for strategy, funding, and oversight of the Post-16 Education and Training Sector (PCET) including adult education and adult community learning.

A PCET Strategy Board has been established, of which ALW is a member. The Strategy Board supports the Minister, the CTER Programme Senior Responsible Officer (SRO), and officials by working collectively to provide strategic oversight and expert advice to support the delivery of the PCET vision, transition, and the implementation of the programme and the establishment of CTER.

As part of the UK Government’s Levelling Up programme, the Shared Prosperity Fund (SPF) establishes three UKSPF investment priorities: communities and place; supporting local business; and people and skills. There are detailed objectives associated with each of these priorities which are aligned to the relevant Levelling Up White Paper mission. Part of the programme sees a £103M Wales investment in the “Multiply Scheme” to improve numeracy skills in adults. These funds combined offer substantial investment through local authority leads across Wales, and ALW has secured a number of contracts across Wales to deliver this programme by Spring 2025.

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 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-Assessment Report (SAR) measures performance throughout the year as part of the Quality cycle. The SAR is written in accordance with guidance from the Welsh Government. Judgements are made using the format of the Estyn Common Inspection Framework which focuses on 5 key questions relating to Standards, Wellbeing and Attitudes to Learning, Teaching and Learning Experiences, Care, Support and Guidance, and Leadership and Management.

The Organisation is continually working to improve and develop processes to ensure that data used to inform planning is produced in a timely fashion, is robust and used effectively across the Organisation to inform the Self-Assessment process. The SAR is located on the Organisation's intranet and can be accessed by all staff. Any areas for development that are identified within the SAR are incorporated into the Quality Development Plan (QDP) which is produced by the Senior Management Team. Monitoring of the QDP is embedded in the Quality cycle and is reviewed at operational, senior management and governance level.

Throughout the year, a range of professional learning and development events have ran to support tutors and core staff on quality related issues to ensure standards are maintained and awarding organisation's requirements are met. These events form part of the learning and development plan. A range of standardisation activities and events were held with opportunities for all staff to engage in assessment and internal quality assurance activities to develop their practices. Reports from Awarding Organisations state that our Internal Quality Assurance processes are in a positive and strong position. The internal quality assessment (IQA) policy is monitored and reviewed for effectiveness and impact of use. Scrutiny of quality control measures is undertaken by the Senior Management Team and by Council, through the Learner Experience Committee.

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

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Student numbers

In 2022/23 the Organisation recruited 9,063 learners, 64% female and 36% male (all provision). Completion* rates for Welsh Government funded provision only are at 96% overall (level with the National Comparator), Attainment

rates are at 89% (National Comparator not available) with Successful Completion at 85% (5% points below previously available National Comparators but an improvement of 7% points against the 21/22 academic year).

*Completion includes accredited and non-accredited provision. National Comparators (NCs) are 18/19 data and are taken from National Statistics for Wales document Statistical First Release SFR 08/2020 (Page 9).

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	20,092	402,395	96%	88%	85%
14d	English for Speakers of Other Languages	6,867	162,692	95%	82%	77%
14c	Foundation for Work	3,673	62,855	94%	86%	83%
15	Business, Administration and Law	2,180	32,495	100%	97%	97%
13	Education & Training	954	30,767	95%	87%	82%
9b	Art & Design	1,143	23,725	94%	91%	88%
1	Health, Public Services & Care	1,538	23,188	97%	87%	84%
14b	Adult Basic Education	1,564	18,935	96%	87%	82%
14a	Independent Living Skills	178	12,115	94%	91%	91%
5	Construction, Planning & Built Environment	169	7,528	89%	N/A	N/A
12	Languages, Literature & Culture	238	5,000	89%	92%	81%
7c	Hospitality & Catering	470	4,488	99%	95%	94%
9a	Performing Arts	261	4,387	98%	*44%	*44%
4	Engineering & Manufacturing Technology	231	3,459	98%	86%	85%
7b	Hair & Beauty	144	3,127	91%	85%	77%
6	Information & Communication Technology	169	3,094	96%	81%	76%
3	Agriculture, Horticulture & Animal Care	77	1,304	100%	92%	92%
10	History, Philosophy & Theology	87	1,032	98%	100%	100%
2	Science & Mathematics	70	1,023	97%	98%	95%
7a	Retailing & Customer Care	54	688	100%	93%	93%
12b	Welsh, English and Other Languages	16	372	88%	100%	88%
11	Social Sciences	9	122	100%	100%	100%

*the low quality profile in this area is due to learners moving to a non-accredited course part way through delivery. This was adjusted to meet the needs of the learners.

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, Trade Union Studies (categorised as Business, Administration and Law), Education & Training, Art & Design, Health, Public Services & Care, Adult Basic Education, and Independent Living Skills.

We have continued our work with asylum seekers and with ethnic minority groups. 16%* of our learners in 2022/23 were from minority ethnic communities. We continue to target the most disadvantaged areas and 51.2%* of our learners live in areas of deprivation. Over two thirds of our learners are female at 68%* in 22/23 compared to 69%* in the 21/22 academic year and 79.5%* of our learners are aged between 20 and 60 which compares to 21/22 data of 80.9%.

(*WG provision only)

2.4 Curriculum developments

Provision for 2022/23 was an aggregate of workplace/trade union studies, regional, national and Asylum, Migration and Integration Fund (AMIF) Project curricula administered from organisational offices and the homes of staff who are dedicated home workers/have agile working practices agreed.

2022/23 saw a combination of both face-to-face and online/blended delivery continuing, as appropriate to learners' needs, with the majority being face-to-face.

The organisation 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. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers. Some of this was supported through the Wales Union Learning Fund (WULF). In addition to core funded programmes of learning, full cost recovery / income generation either through delivery or accreditation services remained a focus. Furthermore, the organisations' AMIF Project engaged with over 800 refugees and Third Country Nationals during the timescale of the Project. This Project comes to an end at the end of December 2023.

Throughout 2022/23, 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 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 Digital Literacy), ESOL and employability skills. ESOL continued to be the largest programme area, in terms of number of delivery hours.

The 2022/23 academic year saw the introduction of 6 pilot projects as part of a Citizens' Curriculum for Wales. These have been supported by funding from Welsh Government, with Learning and Work Institute as the commissioning body. ALW is leading on 2 of the 6 pilots and is also involved in a third. A total of £54k has been awarded to ALW to support its Health and Well-being and Global Learning pilots. The timeframe for these runs from January 2023-March 2024.

For Welsh Government and Estyn purposes, all learning continues to be badged as Adult Community Learning and not Further Education or Work-based Learning.

2.5 Future developments

We now find ourselves in a landscape that is characterised by the impact of a global pandemic, a war in Ukraine and a Cost of Living Crisis that has caused major disruption to our economy. This has put further pressure on public spending and uncertainty about future funding. This means that there is additional pressure on our resources. The changing economic context presents a number of significant challenges for Wales, and for adult learning in particular. In addition to the problems associated with an ageing population, rapid advances in technology and

changing employment patterns, the private sector is experiencing a slow economic recovery. Set within this challenging economic environment, there is an increased need for more cost effective and innovative ways of working with reduced budget availability.

The Organisation is confident in its capacity and capability to respond effectively to these challenges. It is well placed to build on the legacy of its founding organisations and will promote a broad liberal education which improves social justice and community engagement, alongside offering highly focused education and training services for employability, enterprise and skills development.

We will continue to review and develop our curriculum offer to ensure that resources are directed to improve our digital framework, grow our provision, develop external relationships particularly across the voluntary sector and establish ourselves as the recognised national provider of ACL in Wales. It is important that we ensure a flexible approach and a broad range of learning options that increase learner engagement.

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 £35k.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances – this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – achieved, as during the year the Organisation was awarded several large grants in order to improve the assets across the organisation.
- to further improve the Organisation's shorter term liquidity – this was achieved with year end cash balances being £5.064m.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

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

Financial results

The following table summarises performance for 2022/23 against 2021/22:

	2022/23	2021/22
Operating surplus/(deficit) prior to FRS 102 (28) pension adjustments and net proceeds of sales	£35K	£44K
Operating surplus/(deficit) after FRS 102 (28) pension adjustments and net proceeds of sales	£92k	(£793k)
Current ratio (current assets/current liabilities)	2 : 1	2 : 1
Staff costs as % of income	83.2%	85.7%
Welsh Government income as a % of total income	87%	89%
Total unrestricted reserves	£9.08m	£6.48m
Cash balances	£5.064m	£5.904m
Net assets	£10.209m	£7.633m

Tangible fixed asset additions during the year amounted to £24k for equipment.

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 £1.243m within two separate non-current investment funds and £1.524m in a current investment fund, all managed by Brewin Dolphin (note 17).

Cash flows and Liquidity

At £620k (2021/22: £802k) the operating cash flow is again positive for the period.

There was an increase in net funds for the year of £672k compared to 2021/22 £693k.

The current ratio remains at a good level of 2:1 (21/22 2:1). The financial position continues to be stable which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs, but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves. These stood at £9.08m (2021/22: £6.48m) at 31 July 2023, thus the target of £1.6m was met. There has been an increase to the pension surplus in the year of £2.550m resulting in a £4.960m surplus at 31 July 2023. The target of £1.6m 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 2023/24 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 time frame.

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

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

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

Field offices 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 2022 to 31 July 2023 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 2023, there were 218 active hourly paid teaching staff, including support workers, and 111 salaried support staff, 68 full time and 43 part time.

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

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

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

The main risks identified have been compounded by the impact of the legacy pandemic issues coupled with the ongoing cost of living challenges. The situation has decreased the ability to forecast accurately due to the volatility and uncertainty of the current position. In order to mitigate the risks, the Senior Officers of the Organisation are in regular contact with the Welsh Government in order to identify and manage key challenges.

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

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

4.1 Government funding

The Organisation has considerable reliance on continued government funding through the Senedd with levels of funding due to remain stable for 2023/24, however, given the announcement of budget challenges by the Welsh Government, funding in future years will be a great challenge.

This risk is mitigated in several ways:

- There is a rolling annual budget in place which supports the delivery of the strategic plan whilst identifying budget pressures and allowing the Organisation to plan accordingly.
- The Organisation continues to expand delivery that has a range of course fee recovery options associated with it.
- The Organisation has developed a more commercial focus in relation to delivering training for business: it has a designated workplace learning team whose focus is the business sector.
- By ensuring the Organisation is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- The Organisation has a dedicated Business Development resource which was implemented within the year to identify and develop growth opportunities.
- Ensuring the Organisation is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the Welsh Government and other key funders.
- Preparation of funding bids from sources other than the Welsh Government.
- Discussions with other providers to develop joint bids to contract for the delivery of services in Wales.

4.2 Maintain adequate funding of pension liabilities

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

4.3 IT Infrastructure

The support contract for the Organisation has been improved and implemented for the year which puts in place stronger support mechanisms. This helps to mitigate the risks associated with the IT infrastructure.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- Welsh Government
- 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 wholly equal to the English language. Standards set will be clear and consistent in terms of the services to be provided in both languages and will strive to be reasonable and proportionate, to reflect an all-Wales educational Organisation. Compliance with 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 Learner Services and Human Resources team continues 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 29 January 2024 and signed on its behalf by:

John Graystone
Chair of Governors

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Professional advisers

External auditors:

Baker Knolly 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 2023.

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. 2022) or Resignation date	Committee Membership	Council meetings attended (out of 5 in total)
John Graystone	Chair; Appointed	Re-appointed 1/4/2023	Search (Chair)	5
Sonia Reynolds	Vice Chair; Elected Regional Governor	Resigned 31/3/2023	Audit, Search	3 (out of 4)
Stephen Nicholls	Appointed; Vice Chair from July 2023		Resources (Chair); Search	5
Salamat Fada	Appointed; Vice Chair from July 2023		Learner Experience (new Chair); Search	5
Chris Franks	Elected Members' Governor	Re-elected 1/4/2023	Audit (Chair)	5
Marion Burke	Appointed		Learner Experience	4
Cathy Clark	Elected Learner Governor	Re-elected 1/4/2023	Learner Experience	4
Caroline Davies	Elected Regional Governor	Resigned 31/3/2023	Learner Experience (Chair), Audit, Search	1 (out of 4)
Jan Tiley	Elected Learner Governor		Resources	5
Sam Emmett	Elected Staff Governor		Learner Experience	5
Judith Evans	Appointed		Resources	3
Nicole Kinnaird	Elected Staff Governor		Resources	3
Sion Aled Owen	Elected Regional Governor		Learner Experience	3
Jenni Jones-Annetts	Elected Learner Governor		Learner Experience	4
Dona Lewis	Appointed		Resources	3
Timothy Palazon	Appointed		Learner Experience	4
Victory Ezeofor	Elected Regional Governor		Audit	4

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 2022-23 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:

Stephen Thomas
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 2022-23 were: Paul Charlton, Graham Price and Guy Wallace Smith (Audit Committee); Ashok Chopra (Learner Experience Committee); Susan Roberts (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 have been up to 12 elected members (variously nominated by Regional Forums, individual members, learners and staff) and up to 8 appointed members. The Council is responsible for ensuring that appropriate training is provided for its members as required. The Council adheres to the 2016 Code of Good Governance for Colleges in Wales.

Audit Committee

The Audit Committee comprises up to four members of the Council (and excludes the Chair, learner 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 him or her 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 2023 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.

Statement of Corporate Governance and Internal Control (continued)

The risk and control framework

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

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

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

Review of effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. 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.

Statement of Corporate Governance and Internal Control (continued)

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 9th April 2024 and signed on its behalf by:

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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

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

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

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

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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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 29 January 2024 and signed on its behalf by:

John Graystone
Chair of Governors

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Independent Auditors' Report to the Governing Body (Council) 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 2023, 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 the Welsh Government.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2023 (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2023; 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 ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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

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.

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.

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 and 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 control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the 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.

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).*

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

- *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.*
- *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.

Other required reporting

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2016 issued by the Welsh Government

In our opinion, in all material respects:

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

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

Date:

Statement of Comprehensive Income

INCOME	Notes	2023 £'000	2022 £'000
Welsh Government Grants	2	8,327	7,819
Tuition fees and education contracts	3	559	346
Other grants and contracts	4	544	542
Other Income	5	18	19
Branch Income	6	10	13
Investment Income	7	64	3
Pension Finance Income	8	93	-
Donations and Endowments	9	-	-
Total Income		9,615	8,742
EXPENDITURE			
Staff costs	10	8,001	7,489
Other operating expenses	12	1,400	1,800
Depreciation	16	113	147
Interest and other finance costs	13	-	86
Branch Expenditure	12	9	13
Total Expenditure		9,523	9,535
(Deficit)/Surplus before other gains and losses	15	92	(793)
Gain/(loss) on disposal of assets		-	-
(Deficit)/Surplus before tax		92	(793)
Taxation	14	-	-
(Deficit)/Surplus for the year		92	(793)
Revaluation Reserve movement	27	-	-
Gain/(loss) on Endowments	17	(33)	(80)
Gain/(loss) on Investments	17	24	-
Actuarial gain/(loss) in respect of pensions schemes	33	2,493	8,623
Total Comprehensive Income for the year		2,576	7,750
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		2,585	7,830
Investment comprehensive income	26	24	-
Endowment comprehensive income		(33)	(80)
		2,576	7,750

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 2021	562	-	(1,687)	998	10	(117)
Surplus/(deficit) from the income and expenditure account	-	-	(793)	-	-	(793)
Other comprehensive income	(67)	-	8,623	(13)	-	8,543
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	(67)	-	7,830	(13)	-	7,750
Balance at 31st July 2022	495	-	6,143	985	10	7,633
Surplus/(deficit) from the income and expenditure account	-	-	92	-	-	92
Other comprehensive income	(26)	24	2,493	(7)	-	2,484
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-	-
Total comprehensive income for the year	(26)	24	2,585	(7)	-	2,576
Balance at 31st July 2023	469	24	8,728	978	10	10,209

Balance Sheet as at 31 July

	Notes	2023 £'000	2022 £'000
Non current assets			
Tangible Fixed Assets	16	672	761
Endowment Assets	17	1,446	1,479
		2,118	2,240
Current Assets			
Trade and other receivables	18	425	374
Investments	17	1,524	-
Cash and cash equivalents	25	5,064	5,904
		7,013	6,278
Creditors - amounts falling due within one year	19	(3,766)	(3,106)
Net Current assets		3,247	3,172
Total assets less current liabilities		5,365	5,412
Creditors - amounts falling due after more than one year	20	(102)	(170)
Provisions			
Defined benefit obligations	21	4,960	2,410
Other provisions	21	(14)	(19)
Total net assets		10,209	7,633
Restricted Reserves			
Endowments	23	1,122	1,148
Other	26	10	10
Total restricted reserves		1,132	1,158
Unrestricted Reserves			
Endowments	23	324	331
Income and expenditure account	26	8,753	6,144
Revaluation Reserve	27	-	-
Total unrestricted reserves		9,077	6,475
Total Reserves		10,209	7,633

The financial statements on pages 26 - 53 were approved and authorised for issue by the Governing Body on 9th April 2024 and were signed on its behalf on that date by:-

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

STATEMENT OF CASH FLOWS

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		92	(793)
Adjustment for non-cash items			
Depreciation	16	113	147
(Increase)/decrease in debtors	18	(51)	158
Increase/(decrease) in creditors due within one year	19	660	504
Increase/(decrease) in creditors due after one year	20	(68)	(42)
Increase/(decrease) in provisions	21	(5)	(6)
Pension costs less contributions payable	33	(57)	837
Adjustment for investing or financing activities			
Interest receivable		(64)	(3)
Interest payable		-	-
Net cash flow from operating activities		620	802
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Interest receivable		64	3
Income from endowments	23	(8)	4
Income from investments	17	24	-
Payments made to acquire fixed assets	16	(24)	(116)
Payments made to acquire endowment assets	17	(377)	-
Proceeds from sale of endowment assets	17	373	-
Drawdown from endowments	23	-	-
		52	(109)
Cash flows from financing activities			
Interest paid		-	-
New secured loans		-	-
Repayments of amounts borrowed		-	-
		-	-
Increase / (decrease) in cash and cash equivalents in the year		672	693
Cash and cash equivalents at beginning of the year	24	5,969	5,276
Cash and cash equivalents at end of the year	24	6,641	5,969

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 2022 to 2023 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 2023. Intra-group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Going Concern

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

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.

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.

Statement of accounting policies (continued)

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support fund, Financial Contingency Fund (FCF). Related payments received from the WG and subsequent disbursements to students totalling £5k (2022: £4k) 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 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.

Statement of accounting policies (continued)

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 £5k relating to 2 former members of Coleg Harlech staff that left its employment, by arrangement, prior to the merger with the WEA (North Wales) in 2001. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision. These costs have been charged against the enhanced pension provision in the balance sheet.

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.

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.

Statement of accounting policies (continued)

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

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).

Statement of accounting policies (continued)

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 had no cash equivalents during the year.

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

Statement of accounting policies (continued)

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- ***Tangible fixed assets***

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

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 33, will impact on the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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	2023 £'000	2022 £'000
2 Welsh Government (WG) Grants			
WG Mainstream Recurrent grant		5,864	5,665
WG Other Recurrent		217	201
WG release of capital grants	22	96	122
WG Maintenance, Digital, SOP & Capital funding		134	684
WG non recurrent grants		2,016	1,147
Total		8,327	7,819
3 Tuition Fees and Education Contracts			
Education Contracts		142	54
Tuition Fees		413	286
Other fees including exam fees		4	6
Total		559	346
4 Other Grants and Contracts			
European Social Fund		-	(5)
Other Grants and Contracts		544	547
Total		544	542
5 Other Income			
Release of other government capital grants	22	-	-
Individual Subscriptions, Affiliations, Donations		2	3
Room rental		12	12
Other miscellaneous		4	4
Total		18	19
6 Branch income		10	13
7 Investment Income			
Interest receivable		64	3
Total		64	3
8 Net return on pension scheme	33	93	-
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 2023	Year ended 31 July 2022
Teaching & Learning departments		218	209
Teaching & Learning support services		14	11
Other support services		34	28
Administration and central services		36	34
General Education		1	1
Premises		3	3
Total average staff numbers		306	286
Staff Costs for the above persons		2023 £'000	2022 £'000
Wages and Salaries		4,828	4,368
Social security costs		427	391
Other pension costs	33	1,278	1,798
Payroll sub total		6,533	6,556
Contracted out staffing services		1,356	779
		7,889	7,335
Restructuring costs	Contractual	22	46
	Non-Contractual	90	108
Total Staff costs		8,001	7,489

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 2023.

Notes to the accounts (continued)

11 Key management personnel (continued)

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

	2023 No.	2022 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	
	2023 No.	2022 No.	2023 No.	2022 No.
£55,001 to £60,000 p.a.	-	2	-	-
£60,001 to £65,000 p.a.	2	-	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	-	1	-	-
£85,001 to £90,000 p.a.	-	-	-	-
£90,001 to £95,000 p.a.	1	-	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2023 £'000	2022 £'000
Basic salary	216	200
Benefits in kind	-	-
	<u>216</u>	<u>200</u>
Pension Contributions	71	63
Total key management personnel compensation	<u>288</u>	<u>263</u>

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)

	2023 £'000	2022 £'000
Basic Salary	91	84
Benefits in kind	-	-
Pension Contributions	30	27
	121	111

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 Chair of the Council, who undertook an annual appraisal of performance against the Organisation's goals in 2022-23, 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:

	2023 £'000	2022 £'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	3.9	3.8

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

	2023 £'000	2022 £'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)

	Note	2023 £'000	2022 £'000
12 Other operating expenses			
Teaching costs		122	115
Non teaching costs:			
Teaching support services		181	157
Other support services		67	68
Administration and central services		426	754
General Education including Marketing & Promotional		68	62
Premises Costs		514	610
Consultancy		22	34
Branch Expenditure		9	13
Total		1,409	1,813

Other operating expenses included above:

Auditors' Remuneration:		£'000	£'000	£'000	£'000
External audit	Financial	12		10	
	Other	5		4	
		17		14	
Internal audit		11		9	

13 Interest and other finance costs

		2023 £'000	2022 £'000
Net interest on defined pension liability	33	-	86
Interest on bank loans, overdrafts and other loans		-	-
Finance Leases		-	-
Total		0	86

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

	2023 £'000	2022 £'000
The Organisation's surplus / (deficit) for the year	92	(793)

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 2022	1,304	-	246	1,412	89	-	3,051
Additions	-	-	-	24	-	-	24
Disposals	-	-	(103)	(1,139)	(22)	-	(1,264)
At 31 July 2023	1,304	-	143	297	67	-	1,811
Depreciation							
At 1 August 2022	742	£ -	169	1,312	67	-	2,290
Charge for the year	35	-	26	46	6	-	113
Disposals	-	-	(103)	(1,139)	(22)	-	(1,264)
At 31 July 2023	777	-	92	219	51	-	1,139
Net Book Value at 31 July 2023	527	-	51	78	16	-	672
Net Book Value at 31 July 2022	562	-	77	100	22	-	761

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

17 Investments

Non Current Investments	2023	2022
Endowment Assets	£'000	£'000
Balance at 1 August	1,479	1,559
Purchases of assets	377	-
Sales of assets	(373)	-
Revaluation of endowment assets	-	-
Appreciation/(Depreciation) of endowment asset investments	(25)	(84)
Movement in cash balances	(12)	4
Balance at 31 July	1,446	1,479
Represented by:		
Equities, Bonds, Other	1,243	1,264
Cash and deposits	53	65
Land	150	150
	1,446	1,479
Current Investments		
Balance at 1st August	0	-
Invested during the year	1,500	-
Gain/(loss) on investment during year	24	-
	1,524	0

Notes to the accounts (continued)

18	Trade and other receivables	2023 £'000	2022 £'000
	Amounts falling due within one year:		
	Trade receivables	66	114
	Prepayments and accrued income	359	260
		425	374

19	Creditors: amounts falling due within one year	2023 £'000	2022 £'000
	Notes		
	Trade payables	84	115
	Other taxation and social security	156	105
	Accruals - annual leave	119	120
	Accruals - other	1,895	1,785
	Deferred income - government capital grants	86	90
	Deferred income - government revenue	456	361
	Deferred income - other	970	530
	Total	3,766	3,106

20	Creditors: amounts falling due after one year		
	Deferred income - government capital grants	102	170
	Total	102	170

21	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
	At 1 August 2022	(2,410)	19	(2,391)
	Expenditure in the period	(852)	(5)	(857)
	Additions in the period	(1,698)	-	(1,698)
	At 31 July 2023	(4,960)	14	(4,946)

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 2022	260
	Additional funding received	24
	Released to income & expenditure account	(96)
	At 31 July 2023	188

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2023				Total £'000
	Restricted Books, Prizes & Learning Supp Materials Fund £'000	Bursaries & Scholar- ships Fund £'000	Books, Prizes & Learning Supp Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2022 as previously stated	1,148	221	75	35	1,479
Depreciation of Endowment	(17)	(3)	(3)	(2)	(25)
Investments	16	1	1	-	18
Investment Income for year	-	-	-	-	-
Draw down from Endowments	(25)	-	(1)	-	(26)
Investment Management Expenses	1,122	219	72	33	1,446
At 31 July 2023					
Split of Endowments					
Endowments Investments	1,122	69	72	33	1,296
Endowments Fixed Assets	-	150	-	-	150
	1,122	219	72	33	1,446

The Fixed Asset Endowments of £150,000 above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. A further £174,000 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 £971,000 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 2022/23: none (2021/22: none) of this income was used to purchase such materials.

	Period Ended 31 July 2022				Total £'000
	Restricted Books, Prizes and Learning Support Materials Fund £'000	Bursaries & Scholar- ships Fund £'000	Books, Prizes and Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2021 as previously stated	1,215	226	81	37	1,559
Depreciation of Endowment	(70)	(5)	(6)	(3)	(84)
Investments	12	1	1	1	15
Investment Income for year	-	-	-	-	-
Draw down from Endowments	(9)	(1)	(1)	-	(11)
Investment Management Expenses	1,148	221	75	35	1,479
At 31 July 2022					
Split of Endowments					
Endowments Investments	1,148	71	75	35	1,329
Endowments Fixed Assets	-	150	-	-	150
	1,148	221	75	35	1,479

Notes to the accounts (continued)

24	Cash and Cash Equivalents	1 August 2022	Cash flows	31 July 2023
		£'000	£'000	£'000
	Cash and cash equivalents	5,894	(840)	5,054
	Restricted Funds	10	-	10
	Investment	0	1,524	1,524
	Endowment Asset investments	65	(12)	53
	Total	5,969	672	6,641

25	Cash and Cash Equivalents	Note	2023 £'000	2022 £'000
	Cash		1	1
	Handelsbanken bank accounts		3,487	4,452
	Branch Bank accounts		25	25
	Barclays Bank accounts		1	410
	Nationwide Building Society		1,540	1,006
			5,054	5,894
	Restricted Fund Accounts:			
	Keith Evans Fund Account		5	5
	Alwyn Evans Fund Account		5	5
	Dil Llewellyn Fund Account		-	-
	Total cash & cash equivalents		5,064	5,904

26	Movement on General Reserves		2023 £'000	2022 £'000
	Income & Expenditure Account Reserve			
	At 1 August		6,119	(1,711)
	Surplus for the year on continuing operations		92	(793)
	Transfer from/(to) branch reserves		-	-
	Gain/(loss) on investments		24	-
	Actuarial gain/ (loss) in respect of pension scheme	33	2,493	8,623
			8,728	6,119
	Branch reserves			
	At 1 August		25	25
	Movement for year		-	-
			25	25
	Total general reserve		8,753	6,144
	Balance Represented by:			
	Pension Reserve (FRS 102 (28))	33	4,960	2,410
	Income and expenditure account reserve excluding pension reserve		3,793	3,734
	As at 31 July		8,753	6,144

Notes to the accounts (continued)

26 Restricted Reserves	2023	2022
	£'000	£'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

27 Revaluation Reserve	2023	2022
	£'000	£'000
At 1 August	-	-
Transfer from Revaluation Reserve to General Reserve in respect of:		
Revaluation of assets	-	-
At 31 July	-	-

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	2023	2022
	£'000	£'000
Land and buildings		
Not later than one year	39	69
Later than one year and not later than five years	7	70
Later than five years	-	-
	46	139
Other		
Not later than one year	3	13
Later than one year and not later than five years	7	11
Later than five years	-	-
	10	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 £1,183; 17 Governors (2022: £379; 22 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 £26,863 (2022: 4 (2 resigned 30 April 2022, 2 commenced duties 14 June 2022); £31,098). No other Governor has received remuneration or waived payments from the Organisation during the year (2022: nil).

Neath & Port Talbot CBC - Councillor Sonia Reynolds (Gwaun-Cae-Gurwen and Lower Brynaman ward) was a Governor of the Organisation until 31st March 2023. Sales transactions to 31st March amounted to £6,878 (2022: £12,180). There were no purchase transactions during the year (2022: nil) or balances outstanding at the year end (2022: nil).

Canolfan Maerdy - Councillor Sonia Reynolds was a Governor of the Organisation until 31st March 2023 and a Director of Canolfan Maerdy. Sales transactions in the year amounted to £120 (2022: £8,620). There were no purchase transactions during the year (2022: nil) or balances outstanding at the year end (2022: nil).

Wales TUC Cymru - Marion Burke (Policy Officer, Wales TUC Education) was a Governor of the Organisation during the year and employed by Wales TUC Cymru. Sales transactions in the year amounted to £154,928 (2022: £103,113). There were no balances outstanding at the year end (2022: £26,894). There were no Purchase transactions during the year (2022: £700). There were no balances outstanding at the year end (2022: 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 transactions during the year (2022: nil). There were no Purchase transactions during the year (2022: £613). There were no balances outstanding at the year end (2022: nil).

Vale of Glamorgan Council - Councillor Chris Franks (Dinas Powys ward, from 5 May 2022) was a Governor of the Organisation during the year. Sales transactions in the year amounted to £2,661 (2022: £180). There were no Purchase transactions during the year (2022: £2,061). There were no balances outstanding at the year end (2022: nil).

Cardiff Council - Caroline Davies was a Governor of the Organisation until 31st March 2023 and employed by Cardiff Council. Sales transactions in the year to 31st March amounted to £10,300 (2022: £300). Purchase transactions during the year to 31st March amounted to £3,995 (2022: £5,441). There were no balances outstanding at the year end (2022: nil).

32 AMOUNTS DISBURSED AS AGENT

Learner Support Fund - Financial Contingency Fund (FCF)

	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
WG Grant for year	76	70
Interest earned	-	-
	76	70
Paid to third party *	56	29
Disbursed to students **	5	4
Other including administration costs	2	2
Balances unspent as at 31 July	13	35

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 2016 and of the LGPS 31 March 2022.

Total pension cost for the year	2023 £'000	2022 £'000
Teachers' Pension Scheme (TPS): contributions paid	326	285
Local Government Pension Scheme:		
Contributions paid Cardiff & Vale of Glamorgan (CVG)	664	584
Contributions paid Gwynedd (GC)	252	178
FRS 102 (28) charge Cardiff & Vale	(71)	394
FRS 102 (28) charge Gwynedd	<u>107</u>	<u>357</u>
Charge to the Statement of Comprehensive Income	952	1,512
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>1,278</u>	<u>1,798</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2021/22: 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 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards. The Government Actuary is due to complete the next TPS valuation by October 2023 with increases currently scheduled for April 2024. This valuation will report on TPS as at 31 March 2020.

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 £325,584 (2022: £285,162).

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 2023 were £1,112,448 of which employer's contributions totalled £916,261 and employees' contributions totalled £196,187. 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 2023 by AON:

	At 31 July 2023	At 31 July 2022
	% pa	% pa
Discount rate	4.9	3.4
CPI Inflation	2.6	2.5
Pension Increase	2.6	2.5
Pension accounts revaluation rate	2.6	2.5
Salary increases	3.6	3.5

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 2023	At 31 July 2022
	years	years
Current Pensioners		
Male	22	22.1
Female	24.2	24.6
Future Pensioners*		
Male	22.6	23.2
Female	25.3	26.0

* 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 2023		Value at 31 July 2022	
	%	£'000	%	£'000
Equities	68.1	7,053	67.2	6,256
Property	7.0	725	7.5	698
Government bonds	8.8	911	9.0	838
Corporate bonds	7.5	777	8.0	745
Multi Asset Credit	5.3	549	5.6	521
Cash	3.3	342	2.7	251
Other	-	-	-	-
Total	100	10,357	100	9,309

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:

	2023 £'000	2022 £'000
Fair value of plan assets	10,357	9,309
Present value of plan liabilities	(7,674)	(8,308)
Net pensions (liability)/asset	2,683	1,001

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:

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	575	978
Past service cost	-	-
Curtailment cost	-	-
Total	575	978
Amounts included in Finance costs (Note 13)		
Interest on net defined benefit liability / (asset)	(45)	46
Total	530	1,024
Amount recognised in Other Comprehensive Income		
Asset gains/(losses) arising during the period	(59)	(374)
Liability gains/(losses) arising during the period	1,625	4,697
Total amount recognised in Other Comprehensive Income	1,566	4,323

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

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

	2023	2022
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	330	158
Gain / (loss) on assets	(59)	(374)
Actual return on assets	271	(216)
	2023	2022
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	1,001	(2,884)
Movement in year:		
Current service costs	(575)	(978)
Past service costs	-	-
Curtailment costs	-	-
Employer contributions	646	584
Net interest on the defined (liability) / asset	45	(44)
Actuarial gain / (loss)	1,566	4,323
Net defined benefit (liability) / asset in scheme at 31 July	2,683	1,001
	2023	2022
	£'000	£'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	8,308	11,897
Current service cost	575	978
Interest expense on defined benefit obligation	285	202
Contributions by Scheme participants	129	122
Experience (gains) / losses on defined benefit obligations	(1,625)	(4,697)
Net Benefits paid out	2	(194)
Past service cost	-	-
Curtailment cost	-	-
Closing defined benefit obligation	7,674	8,308
	2023	2022
	£'000	£'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	9,309	9,013
Interest income on plan assets	330	158
Remeasurement gains / (losses) on plan assets	(59)	(374)
Contributions by employer	646	584
Contributions by Scheme participants	129	122
Net benefits paid out	2	(194)
Closing fair value of plan assets	10,357	9,309

Deficit contributions

After a triennial valuation in March 2022 the contribution rate from April 2023 to March 2026 was increased to 33.6% 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 2023 by Hymans Robertson LLP:

	At 31 July 2023	At 31 July 2022
	% pa	% pa
Pension Increase Rate	3.00	2.75
Salary Increase Rate	3.50	3.05
Discount Rate	5.05	3.50

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 2023	At 31 July 2022
	years	years
Current Pensioners		
Male	21.3	21.3
Female	23.4	23.7
Future Pensioners*		
Male	22.3	22.4
Female	25.4	25.7

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

Asset allocation and expected return on assets	Value at At 31 July 2023	Value at At 31 July 2022
	%	%
Equities	66	71
Bonds	5	-
Property	8	10
Cash	21	19
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:

	2023	2022
	£'000	£'000
Fair value of plan assets	9,330	9,027
Present value of plan liabilities	(7,053)	(7,618)
Net pensions (liability)/asset	2,277	1,409

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:

	2023 £'000	2022 £'000
Amounts included in staff costs		
Current service cost	(313)	(535)
Past service cost	(46)	-
Total	(359)	(535)

Amounts included in Finance costs (Note 13)

Net interest on defined pension liability / (asset)	48	(42)
Total	(311)	(577)

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	(62)	193
Liability gains/(losses) arising during the period	989	4,107
Total amount recognised in Other Comprehensive Income	927	4,300

	2023 £'000	2022 £'000
Actual Return on Assets		
Interest income on plan assets	318	139
Gain / (loss) on assets	(62)	193
Actual return on assets	256	332

	2023 £'000	2022 £'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	1,409	(2,492)
Movement in year:		
Current service cost	(313)	(535)
Past service cost	(46)	-
Employer contributions	252	178
Net interest on the defined (liability) / asset	48	(42)
Actuarial gain / (loss)	927	4,300
Net defined benefit (liability) / asset in scheme at 31 July	2,277	1,409

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)	2023 £'000	2022 £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	7,618	11,159
Current Service Cost	313	535
Past Service Cost	46	-
Interest expense on defined benefit obligation	270	181
Contributions by Scheme participants	63	57
Experience (gains) / losses on defined benefit obligations	(1,048)	(4,107)
Net Benefits paid out	(209)	(207)
Closing defined benefit obligation	7,053	7,618
	2023	2022
Changes in the fair value of plan assets	£'000	£'000
Opening fair value of plan assets	9,027	8,667
Interest income on plan assets	318	139
Remeasurement gains / (losses) on plan assets	(121)	193
Contributions by employer	252	178
Contributions by Scheme participants	63	57
Net benefits paid out	(209)	(207)
Closing fair value of plan assets	9,330	9,027

After a triennial valuation in March 2022 the contribution rate from April 2023 to March 2026 was decreased to 17.3% with no additional deficit payments due for this period.

The figures disclosed within these accounts relating to the Cardiff & Vale and Gwynedd Local Government Pensions schemes, reflect the impact of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption.

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the Consumer Price Index (CPI). If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.



Accounts

Report and Financial Statements Year ended 31st July 2022



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Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

The Council present their report and the audited financial statements for the year ended 31 July 2022.

With a history of providing quality education spanning 100 years, Adult Learning Wales (ALW), the National Community College, serves the adult population of Wales with inspirational, life-changing learning opportunities.

Drawing on our strong partnerships, our vision sees us at the forefront for growth in lifelong learning, prioritising opportunities for those who are hardest to reach, empowering and upskilling people and delivering equal access to Welsh medium provision. We are committed to supporting health and wellbeing initiatives, developing strong resilient communities, and promoting active democracy.

The Covid-19 pandemic has presented many challenges and whilst there has been disruption and a decline in curriculum delivery, we have grasped the opportunities afforded to us to grow our digital offer. This meant a significant shift to on-line delivery and as restrictions were lifted during 2022, we were able to return to more in-person learning with 80% of our delivery now in place across community venues.

Alongside this, we are working within a continually challenging economic environment impacted greatly by the Conflict in Ukraine and the Cost of Living Crisis, where reliance on public funding alone is uncertain. The labour market is changing fast in Wales and there is a need for people to learn new skills, particularly those associated with digital technologies. The landscape requires us to work collaboratively and demonstrate intelligent business efficiency in order to expand our reach and promote the value of adult community learning. Enabling the working poor to upskill is our passion and priority, as well as helping to tackle broader poverty issues, such as unemployment and homelessness.

It is crucial to nurture the skill of learning over a lifetime to secure informed, flexible, intelligent, and healthy workforces and communities. The economic, social, and civic advantages of developing a truly lifelong learning society in Wales will be profound; giving us the cutting edge that we need for our communities to be resilient, for our economy to adapt to changing circumstances and for our democracy to thrive.

Our new 3 year strategic plan (2023-2026) will focus on supporting and enabling the widest range of learners to achieve success whilst developing and sustaining existing relationships and developing new ones. Our work to advance our position as the leading adult community learning provider in Wales and to be recognised nationally as the ACL provider of choice remains a priority.

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:

Increasing the social, economic and personal impact of adult community learning in Wales through co-ordination and development of national, regional and local partnerships; delivering equal access to Welsh medium provision.

Our Mission:

Providing inspiring learning opportunities for adults who are hardest to reach in communities and workplaces throughout Wales; empowering people to develop skills and knowledge to realise their full potential and help build strong resilient communities through active citizenship and democratic learning.

Our Goals:

1. Excellent Teaching and Learning:

- Deliver the highest quality learning programmes, prioritising those who are hardest to reach and providing equal access to Welsh medium provision
- Promote and support inspirational teaching ensuring that learners realise their full potential
- Invest in and develop digital technologies to inspire and generate innovative teaching practices
- Deliver excellent support services, ensuring learners have the support and direction needed for further progression.

2. Raising the profile and importance of adult community learning

- Ensure active leadership and governance is in place that promotes adult community learning and challenges us to continuously improve
- Promote our values and ethos, ensuring that we continue to raise our profile as the voice of adult community learning in Wales
- Draw on our membership and supporters to campaign for improved investment in adult community learning so that we can widen our reach
- Assess the impact of adult community learning and demonstrate its value so as to influence policy.

3. Strong collaboration and engagement

- Ensure we place our learners at the heart of everything we do, listening to them and acting on their feedback to continuously improve our offer
- Develop employer engagement to upskill working adults in support of initiatives which help to tackle in-work poverty
- Co-ordinate and develop national, regional and local partnerships to strengthen adult learning opportunities
- Strengthen our membership and branch activities to meet community learning needs, build health and wellbeing initiatives, strong resilient communities and the promotion of active democracy.

4. Responsible growth

- Pursue additional sources of funding to generate investment in learning resources and growth in our curriculum
- Commit to sustainable development, ensuring we are operating in a healthy, safe and environmentally conscious way
- Ensure that the growth in our provision is all-inclusive, providing equality of opportunity in all that we do to meet social, economic and personal learning opportunities
- Promote a culture of openness and transparency, committed to valuing and investing in staff where our learning organisation ethos promotes ideas and empowers people to make a positive input into future growth.

1.4 Policy Context

Following the appointment of a new Minister for Education and Welsh Language in May 2021 significant focus has been given to the adult learning sector. With an ambitious policy statement to create a “second chance nation”, the Minister has established an External Reference Group tasked with delivering a programme of national Co-ordination for Lifelong Learning, of which ALW is a member.

The programme is in place to deliver against this commitment, informed by the Wales Centre for Public Policy review [Supporting the Welsh Lifelong Learning system | WCPP](#) December 2021. As a member of the group ALW will endeavour to make strong representation on matters relating to adult community learning. Other members include adult community learning leads in local authorities, further and higher education, Wales TUC, the Learning and Work Institute (Wales), the National Centre for Learning Welsh and the Bevan Foundation.

The [Tertiary Education and Research \(Wales\) Act 2022](#) was passed by the Senedd on 28 June 2022 and received Royal Assent on 8 September 2022. The Act establishes the Commission for Tertiary Education and Research (CTER), a new Welsh Government sponsored body, and dissolves the Higher Education Funding Council for Wales (HEFCW). The intention is to establish the Commission in 2023 which will be responsible for strategy, funding, and oversight of the Post-16 Education and Training Sector (PCET) including adult education and adult community learning.

A PCET Strategy Board has been established, of which ALW is a member. The Strategy Board will support the Minister, the CTER Programme Senior Responsible Officer (SRO), and officials by working collectively to provide strategic oversight and expert advice to support the delivery of the PCET vision, transition, and the implementation of the programme and the establishment of CTER.

As part of the UK Government's Levelling Up programme, the Shared Prosperity Fund (SPF) establishes three UKSPF investment priorities: communities and place; supporting local business; and people and skills. There are detailed objectives associated with each of these priorities which are aligned to the relevant Levelling Up White Paper mission. Part of the programme sees a £103M Wales investment in the "Multiply Scheme" to improve numeracy skills in adults. These funds combined offer substantial investment through local authority leads across Wales, and ALW continues to try to establish partnership arrangements to support delivery targets to meet the skills agenda. It has proved to be a challenging environment in which to make progress.

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 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-Assessment Report (SAR) measures performance throughout the year as part of the Quality cycle. The SAR is written in accordance with guidance from the Welsh Government. Judgements are made using the format of the Estyn Common Inspection Framework which focuses on 5 key questions relating to Standards, Wellbeing and Attitudes to Learning, Teaching and Learning Experiences, Care, Support and Guidance, and Leadership and Management.

The Organisation is continually working to improve and develop processes to ensure that data used to inform planning is produced in a timely fashion, is robust and used effectively across the Organisation to inform the Self-Assessment process. The SAR is located on the Organisation's intranet and can be accessed by all staff. Any areas for development that are identified within the SAR are incorporated into the Quality Development Plan (QDP) which is produced by the Senior Management Team. Monitoring of the QDP is embedded in the Quality cycle and is reviewed at operational, senior management and governance level.

Throughout the year, a range of continuing professional development (CPD) events have been ran to upskill tutors and core staff on quality related issues to ensure standards are maintained. This forms part of the learning and development plan. A range of standardisation activities and events were held with opportunities for all staff to engage in assessment and internal quality assurance activities to develop their practices. The internal quality assessment (IQA) policy is monitored and reviewed for effectiveness and impact of use. Scrutiny of quality control measures is undertaken by the Senior Management Team and by Council, through the Learner Experience Committee.

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

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Student numbers

In 2021/22 the Organisation recruited 9,534 learners, 69% female and 31% male. Completion* rates for Welsh Government funded provision only are at 96% overall (level with the National Comparator), Attainment rates are at 81% (National Comparator not available) with Successful Completion at 78% (12% below previously available National Comparators). The successful completion % has been significantly impacted by the lockdown and inability to complete a large number of accredited courses.

*Completion includes accredited and non-accredited provision. National Comparators (NCs) are 18/19 data and are taken from National Statistics for Wales document Statistical First Release SFR 08/2020 (Page 9). Welsh Government are not envisaging publishing 21/22 NCs due to the Covid-19 outbreak.

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	19,376	386,994	96%	81%	78%
14d	English for Speakers of Other Languages	5,316	143,637	95%	72%	68%
14c	Foundation for Work	4,454	66,537	96%	80%	78%
13	Education & Training	925	35,528	96%	72%	69%
1	Health, Public Services & Care	2,166	33,846	98%	81%	79%
15	Business, Administration and Law	1,205	23,688	98%	97%	95%
9b	Art & Design	1,224	22,055	96%	89%	85%
14b	Adult Basic Education	1,720	18,504	94%	75%	69%
14a	Independent Living Skills	280	13,800	95%	100%	100%
12	Languages, Literature & Culture	560	7,643	94%	74%	68%
7c	Hospitality & Catering	559	4,805	100%	96%	96%
6	Information & Communication Technology	246	4,099	94%	88%	83%
9a	Performing Arts	219	4,044	100%	N/A	N/A
4	Engineering & Manufacturing Technology	160	2,790	97%	80%	78%
7a	Retailing & Customer Care	90	1,391	94%	85%	80%
3	Agriculture, Horticulture & Animal Care	56	1,332	95%	90%	87%
10	History, Philosophy & Theology	84	1,160	100%	100%	100%
2	Science & Mathematics	56	1,136	93%	73%	68%
11	Social Sciences	47	779	89%	78%	78%
12b	Welsh, English and Other Languages	5	140	60%	100%	60%
8	Leisure, Travel & Tourism	4	80	100%	100%	100%

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, Health, Public Services & Care, Trade Union Studies (categorised as Business, Administration and Law), Art & Design, Adult Basic Education, and Independent Living Skills.

We have continued our work with asylum seekers and with ethnic minority groups. 14.9% of our learners in 2021/22 were from minority ethnic communities. We continue to target the most disadvantaged areas and 51.7% of our learners live in areas of deprivation. Over two thirds of our learners are female at 69% in 21/22 compared to 70% in the 20/21 academic year and 80.9% of our learners are aged between 20 and 60 which compares to 20/21 data of 80.6%.

2.4 Curriculum developments

Provision for 2021/22 was an aggregate of workplace/trade union studies, regional, national and Asylum, Migration and Integration Fund (AMIF) Project curricula administered from organisational offices and the homes of staff who are dedicated home workers/have agile working practices agreed.

2021/22 saw a shift back to face-to-face delivery for the majority of provision, with some online/blended delivery continuing as appropriate to learners' needs.

The organisation 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. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers. Some of this was supported through the Wales Union Learning Fund (WULF). In addition to core funded programmes of learning, full cost recovery / income generation either through delivery or accreditation services remained a focus. Furthermore, the organisations' AMIF Project engaged with over 450 refugees and Third Country Nationals.

Throughout 2021/22, 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 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 Digital Literacy), ESOL and employability skills. ESOL continued to be the largest programme area, in terms of number of delivery hours.

Throughout the academic year, non-accredited provision accounted for a significant percentage of delivery. Learner engagement continued to be a priority, with a particular focus on learner health and well-being and the impact of the pandemic on this.

For Welsh Government and Estyn purposes, all learning continues to be badged as Adult Community Learning and not Further Education or Work-based Learning.

2.5 Future developments

We now find ourselves in a landscape that is characterised by the impact of a global pandemic, a war in Ukraine and a Cost of Living Crisis that has caused major disruption to our economy. This has put further pressure on public spending and uncertainty about future funding. This means that there is additional pressure on our resources. The changing economic context presents a number of significant challenges for Wales, and for adult learning in particular. In addition to the problems associated with an ageing population, rapid advances in technology and changing employment patterns, the private sector is experiencing a slow economic recovery. Set within this challenging economic environment, there is an increased need for more cost effective and innovative ways of working with reduced budget availability.

The Organisation is confident in its capacity and capability to respond effectively to these challenges. It is well placed to build on the legacy of its founding organisations and will promote a broad liberal education which improves social justice and community engagement, alongside offering highly focused education and training services for employability, enterprise and skills development.

We will continue to review and develop our curriculum offer to ensure that resources are directed to improve our digital framework, grow our provision, develop external relationships particularly across the voluntary sector and establish ourselves as the recognised national provider of ACL in Wales. It is important that we ensure a flexible approach and a broad range of learning options that increase learner engagement.

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 £44k.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances – this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – achieved, as during the year the Organisation was awarded several large grants in order to improve the assets across the organisation.
- to further improve the Organisation's shorter term liquidity – this was achieved with year end cash balances being £5.904m.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

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

Financial results

The following table summarises performance for 2021/22 against 2020/21:

	2021/22	2020/21
Operating surplus/(deficit) prior to FRS 102 (28) pension adjustments and net proceeds of sales	£44K	£228K
Operating surplus/(deficit) after FRS 102 (28) pension adjustments and net proceeds of sales	(£793k)	(£471k)
Current ratio (current assets/current liabilities)	2 : 1	2.2:1
Staff costs as % of income	85.7%	86.1%
Welsh Government income as a % of total income	89%	90%
Total unrestricted reserves	£6.48m	(£1.34m)
Cash balances	£5.904m	£5.215m
Net assets	£7.633m	(£117k)

Tangible fixed asset additions during the year amounted to £116k and were split between fixtures & fittings £23k and equipment at £93k.

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 £1.264m (note 17) within two separate investment funds managed by Brewin Dolphin.

Cash flows and Liquidity

At £802k (2020/21: £1,311k) the operating cash flow is again positive for the period.

There was an increase in net funds for the year of £693k compared to 2020/21 £1,149k.

The current ratio which stands at (2:1) has decreased slightly from 20/21 (2.2:1) but still remains at a good level. The financial position continues to be stable which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs, but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves. These stood at £6.48m (2020/21: (£1.34m)) at 31 July 2022, thus the target of £1.6m was met. There has been a reduction to the pension deficit in the year of £7.786m resulting in a £2.410m surplus at 31 July 2022. The target of £1.6m 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 2022/23 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 time frame.

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

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

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

Field offices 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 2021 to 31 July 2022 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 2022 there were 209 active hourly paid teaching staff, including support workers, and 117 salaried support staff, 72 full time and 45 part time.

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

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

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

The main risks identified have been compounded by the impact of the legacy pandemic issues coupled with the ongoing cost of living challenges. The situation has decreased the ability to forecast accurately due to the volatility and uncertainty of the current position. In order to mitigate the risks, the Senior Officers of the Organisation are in regular contact with the Welsh Government in order to identify and manage key challenges.

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

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

4.1 Government funding

The Organisation has considerable reliance on continued government funding through the Senedd with levels of funding due to remain stable for 2022/23.

This risk is mitigated in several ways:

- There is a rolling annual budget in place which supports the delivery of the strategic plan whilst identifying budget pressures and allowing the Organisation to plan accordingly.
- The Organisation continues to expand delivery that has a range of course fee recovery options associated with it.
- The Organisation has developed a more commercial focus in relation to delivering training for business: it has a designated workplace learning team whose focus is the business sector.
- By ensuring the Organisation is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- The Organisation has a dedicated Business Development resource which was implemented within the year to identify and develop growth opportunities.
- Ensuring the Organisation is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the Welsh Government and other key funders.
- Preparation of funding bids from sources other than the Welsh Government.
- Discussions with other providers to develop joint bids to contract for the delivery of services in Wales.

4.2 Maintain adequate funding of pension liabilities

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

4.3 IT Infrastructure

The support contract for the Organisation has been improved and implemented for the year which puts in place stronger support mechanisms. This helps to mitigate the risks associated with the IT infrastructure.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- Welsh Government
- 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 Disability statement

As part of its 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 provide equal access wherever possible. If equal access is not available at a community venue, alternative arrangements will be explored as required.

5.3 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 wholly equal to the English language. Standards set will be clear and consistent in terms of the services to be provided in both languages and will strive to be reasonable and proportionate, to reflect an all-Wales educational Organisation. Compliance with 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 Learner Services and Human Resources team continues 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.

5.4 Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which 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 22nd February 2023 and signed on its behalf by:

John Graystone
Chair of Governors

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Professional advisers

External auditors:

Baker Knolly Chartered Accountants, 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 2022.

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. 2021) or Resignation date	Committee Membership	Council meetings attended (out of 5 in total)
John Graystone	Chair; Appointed		Search (Chair)	5
Toni Schiavone	Vice Chair; Elected Regional Governor	Resigned, 31/3/2022	Resources, Search	2 (out of 4)
Sonia Reynolds	Vice Chair; Elected Regional Governor		Audit, Search	3
Dona Lewis	Appointed		Resources	4
Chris Franks	Elected Members' Governor		Audit (Chair)	5
Marion Burke	Appointed		Learner Experience	1 (out of 3)
Cathy Clark	Elected Learner Governor		Learner Experience	5
Caroline Davies	Elected Regional Governor		Learner Experience (Chair), Audit, Search	4
Jan Tiley	Elected Learner Governor		Resources	5
Sam Emmett	Elected Staff Governor	Elected, 14/6/2022	Learner Experience	1 (out of 1)
Judith Evans	Appointed		Resources	5
Nicole Kinnaird	Elected Staff Governor	Elected, 14/6/2022	Resources	0 (out of 1)
Sion Aled Owen	Elected Regional Governor	Elected, 5/11/2021	Learner Experience	4 (out of 4)
Jenni Jones-Annetts	Elected Learner Governor		Learner Experience	4
Stephen Nicholls	Appointed		Resources (Chair)	5
Suzanne Samuel	Appointed	Resigned, 6/11/2021	Learner Experience	1 (out of 1)
Gareth Cork	Elected Staff Governor	Resigned, 30/4/2022	Resources	2 (out of 4)
Steve David	Elected Staff Governor	Resigned, 30/4/2022	Learner Experience	0 (out of 4)
Timothy Palazon	Appointed		Learner Experience	3
Salamatu Fada	Appointed		Learner Experience	4
Victory Ezeofor	Elected Regional Governor		Audit	5
Carl Hoskins	Elected Regional Governor	Resigned, 23/5/2022	Resources	0 (out of 4)

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 2021-22 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:

Stephen Thomas
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 2021-22 were: Paul Charlton, Graham Price and Guy Wallace Smith (Audit Committee); Jeremy Gass and Ashok Chopra (Learner Experience Committee); Susan Roberts (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 have been up to 12 elected members (variously nominated by Regional Forums, individual members, learners and staff) and up to 8 appointed members. The Council is responsible for ensuring that appropriate training is provided for its members as required. The Council adheres to the 2016 Code of Good Governance for Colleges in Wales.

Statement of Corporate Governance and Internal Control (continued)

Audit Committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting 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 governors appointed in 2021/22 came 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 him or her 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 2022 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control (continued)

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:

- 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.

Statement of Corporate Governance and Internal Control (continued)

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 22nd February 2023 and signed on its behalf by:

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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

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

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

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

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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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 22nd February 2023 and signed on its behalf by:

John Graystone
Chair of Governors

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Independent Auditors' Report to the Governing Body (Council) 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 2022, 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 the Welsh Government.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2022 (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2022; 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 ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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

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.

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.

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 20 and 21, 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 control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the 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.

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).*

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

- *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.*
- *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.

Other required reporting

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2016 issued by the Welsh Government

In our opinion, in all material respects:

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

Richard Phillips FCCA

Senior Statutory Auditor

For and behalf of:

Baker Knolly Accountancy Limited

Chartered Accountants & Statutory Auditors

Orbit Business Centre, Merthyr Tydfil, CF48 1DL

Date:

Statement of Comprehensive Income

INCOME	Notes	2022 £'000	2021 £'000
Welsh Government Grants	2	7,819	6,584
Tuition fees and education contracts	3	346	336
Other grants and contracts	4	542	388
Other Income	5	19	9
Branch Income	6	13	3
Investment Income	7	3	2
Pension Finance Income	8	-	-
Donations and Endowments	9	-	-
Total Income		8,742	7,322
EXPENDITURE			
Staff costs	10	7,489	6,303
Other operating expenses	12	1,800	1,254
Depreciation	16	147	143
Interest and other finance costs	13	86	85
Branch Expenditure	12	13	8
Total Expenditure		9,535	7,793
(Deficit)/Surplus before other gains and losses	15	(793)	(471)
Gain/(loss) on disposal of assets		-	-
(Deficit)/Surplus before tax		(793)	(471)
Taxation	14	-	-
(Deficit)/Surplus for the year		(793)	(471)
Revaluation Reserve movement	27	-	-
Gain/(loss) on investments	17	(80)	271
Actuarial gain/(loss) in respect of pensions schemes	33	8,623	1,596
Total Comprehensive Income for the year		7,750	1,396
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		7,830	1,125
Endowment comprehensive income		(80)	271
		7,750	1,396

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	Other £'000	Endowment £'000	Other £'000	
Balance at 1st August 2020	318	(2,812)	971	10	(1,513)
Surplus/(deficit) from the income and expenditure account	-	(471)	-	-	(471)
Other comprehensive income	244	1,596	27	-	1,867
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	244	1,125	27	-	1,396
Balance at 31st July 2021	562	(1,687)	998	10	(117)
Surplus/(deficit) from the income and expenditure account	-	(793)	-	-	(793)
Other comprehensive income	(67)	8,623	(13)	-	8,543
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	(67)	7,830	(13)	-	7,750
Balance at 31st July 2021	495	6,143	985	10	7,633

Balance Sheet as at 31 July

	Notes	2022 £'000	2021 £'000
Non current assets			
Tangible Fixed Assets	16	761	792
Endowment Assets	17	1,479	1,559
		2,240	2,351
Current Assets			
Trade and other receivables	18	374	532
Cash and cash equivalents	25	5,904	5,215
		6,278	5,747
Creditors - amounts falling due within one year	19	(3,106)	(2,602)
Net Current assets		3,172	3,145
Total assets less current liabilities		5,412	5,496
Creditors - amounts falling due after more than one year	20	(170)	(212)
Provisions			
Defined benefit obligations	21	2,410	(5,376)
Other provisions	21	(19)	(25)
Total net assets		7,633	(117)
Restricted Reserves			
Endowments	23	1,148	1,215
Other	26	10	10
Total restricted reserves		1,158	1,225
Unrestricted Reserves			
Endowments	23	331	344
Income and expenditure account	26	6,144	(1,686)
Revaluation Reserve	27	-	-
Total unrestricted reserves		6,475	(1,342)
Total Reserves		7,633	(117)

The financial statements on pages 25 - 52 were approved and authorised for issue by the Governing Body on 22nd February 2023 and were signed on its behalf on that date by:-

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

STATEMENT OF CASH FLOWS

	Notes	2022 £'000	2021 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		(793)	(471)
Adjustment for non-cash items			
Depreciation	16	147	143
(Increase)/decrease in debtors	18	158	(375)
Increase/(decrease) in creditors due within one year	19	504	1,239
Increase/(decrease) in creditors due after one year	20	(42)	88
Increase/(decrease) in provisions	21	(6)	(10)
Pension costs less contributions payable	33	837	699
Adjustment for investing or financing activities			
Interest receivable		(3)	(2)
Interest payable		-	-
Net cash flow from operating activities		802	1,311
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Interest receivable		3	2
Income from endowments	23	4	3
Payments made to acquire fixed assets	16	(116)	(184)
Payments made to acquire endowment assets	17	-	(109)
Proceeds from sale of endowment assets	17	-	126
Drawdown from endowments	23	-	-
		(109)	(162)
Cash flows from financing activities			
Interest paid		-	-
New secured loans		-	-
Repayments of amounts borrowed		-	-
		-	-
Increase / (decrease) in cash and cash equivalents in the year		693	1,149
Cash and cash equivalents at beginning of the year	24	5,276	4,127
Cash and cash equivalents at end of the year	24	5,969	5,276

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 2021 to 2022 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 2022. Intra-group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Going Concern

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

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.

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.

Statement of accounting policies (continued)

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support fund, Financial Contingency Fund (FCF). Related payments received from the WG and subsequent disbursements to students totalling £4k (2021: £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 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.

Statement of accounting policies (continued)

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 £6k relating to 3 former members of Coleg Harlech staff that left its employment, by arrangement, prior to the merger with the WEA (North Wales) in 2001. Due to uncertainty over life expectancy it is not possible to profile the enhanced pension provision. These costs have been charged against the enhanced pension provision in the balance sheet.

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.

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.

Statement of accounting policies (continued)

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

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

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

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

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 which relate to 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).

Statement of accounting policies (continued)

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 had no cash equivalents during the year.

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

Statement of accounting policies (continued)

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- ***Tangible fixed assets***

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

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 33, will impact on the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2022. 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	2022 £'000	2021 £'000
2 Welsh Government (WG) Grants			
WG Mainstream Recurrent grant		5,665	5,456
WG Other Recurrent		201	416
WG release of capital grants	22	122	105
WG Maintenance, Digital, SOP & Capital funding		684	417
WG non recurrent grants		1,147	190
Total		7,819	6,584
3 Tuition Fees and Education Contracts			
Education Contracts		54	37
Tuition Fees		286	296
Other fees including exam fees		6	3
Total		346	336
4 Other Grants and Contracts			
European Social Fund		(5)	55
Other Grants and Contracts		547	333
Total		542	388
5 Other Income			
Release of other government capital grants	22	-	-
Individual Subscriptions, Affiliations, Donations		3	2
Room rental		12	-
Other miscellaneous		4	7
Total		19	9
6 Branch income		13	3
7 Investment Income			
Interest receivable		3	2
Total		3	2
8 Net return on pension scheme	33	-	-
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 2022	Year ended 31 July 2021
Teaching & Learning departments		209	188
Teaching & Learning support services		11	9
Other support services		28	36
Administration and central services		34	34
General Education		1	1
Premises		3	2
Total average staff numbers		286	270
Staff Costs for the above persons		2022 £'000	2021 £'000
Wages and Salaries		4,368	4,051
Social security costs		391	337
Other pension costs	33	1,798	1,607
Payroll sub total		6,556	5,995
Contracted out staffing services		779	62
		7,335	6,057
Restructuring costs	Contractual	46	125
	Non-Contractual	108	121
Total Staff costs		7,489	6,303

The organisation has salary sacrifice arrangements in place for a Cycle Scheme.

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 2022.

Notes to the accounts (continued)

11 Key management personnel (continued)

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

	2022 No.	2021 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	
	2022 No.	2021 No.	2022 No.	2021 No.
£50,001 to £55,000 p.a.	-	-	-	-
£55,001 to £60,000 p.a.	2	2	-	-
£60,001 to £65,000 p.a.	-	-	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	1	1	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2022 £'000	2021 £'000
Basic salary	200	194
Benefits in kind	-	-
	<u>200</u>	<u>194</u>
Pension Contributions	63	57
	<u>63</u>	<u>57</u>
Total key management personnel compensation	<u>263</u>	<u>252</u>

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)

	2022 £'000	2021 £'000
Basic Salary	84	83
Benefits in kind	-	-
Pension Contributions	27	25
	111	108

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 Chair of the Council, who undertook an annual appraisal of performance against the Organisation's goals in 2021-22, 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:

	2022 £'000	2021 £'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	3.9	3.6

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

	2022 £'000	2021 £'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, four staff members (2 resigned 30 April 2022) 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)

	Note	2022 £'000	2021 £'000
12 Other operating expenses			
Teaching costs		115	61
Non teaching costs:			
Teaching support services		157	134
Other support services		68	83
Administration and central services		754	495
General Education including Marketing & Promotional		62	90
Premises Costs		610	348
Consultancy		34	43
Branch Expenditure		13	8
Total		1,813	1,262

Other operating expenses included above:

Auditors' Remuneration:		£'000	£'000	£'000	£'000
External audit	Financial	10		10	
	Other	4		4	
		<u>14</u>		<u>14</u>	
Internal audit		<u>7</u>		<u>9</u>	

13 Interest and other finance costs

		2022 £'000	2021 £'000
Net interest on defined pension liability	33	86	85
Interest on bank loans, overdrafts and other loans		-	-
Finance Leases		-	-
Total		86	85

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

	2022 £'000	2021 £'000
The Organisation's surplus / (deficit) for the year	<u>(793)</u>	<u>(471)</u>

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 2021	1,304	-	246	1,475	66	-	3,091
Additions	-	-	-	93	23	-	116
Adjustments	-	-	-	(156)	-	-	(156)
Disposals	-	-	-	-	-	-	-
At 31 July 2022	1,304	-	246	1,412	89	-	3,051
Depreciation							
At 1 August 2021	707	-	139	1,392	61	-	2,299
Charge for the year	35	-	30	76	6	-	147
Adjustments	-	-	-	(156)	-	-	(156)
Disposals	-	-	-	-	-	-	-
At 31 July 2022	742	-	169	1,312	67	-	2,290
Net Book Value at 31 July 2022	562	-	77	100	22	-	761
Net Book Value at 31 July 2021	597	-	107	83	5	-	792

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

17 Investments

	2022 £'000	2021 £'000
Endowment Assets		
Balance at 1 August	1,559	1,289
Purchases of assets	-	110
Sales of assets	-	(126)
Revaluation of endowment assets	-	-
Appreciation/(Depreciation) of endowment asset investments	(84)	267
Movement in cash balances	4	19
Balance at 31 July	1,479	1,559
Represented by:		
Equities, Bonds, Other	1,264	1,348
Cash and deposits	65	61
Land	150	150
	1,479	1,559

18 Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade receivables	114	34
Prepayments and accrued income	260	498
	374	532

Notes to the accounts (continued)

19	Creditors: amounts falling due within one year	2022 £'000	2021 £'000
	Notes		
	Trade payables	115	74
	Other taxation and social security	105	92
	Accruals - annual leave	120	125
	Accruals - other	1,785	1,302
	Deferred income - government capital grants	22 90	56
	Deferred income - government revenue	361	415
	Deferred income - other	530	538
	Total	3,106	2,602

20	Creditors: amounts falling due after one year		
	Deferred income - government capital grants	22 170	212
	Total	170	212

21	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
	At 1 August 2021	5,376	25	5,401
	Expenditure in the period	(762)	(6)	(768)
	Additions in the period	(7,024)	-	(7,024)
	At 31 July 2022	(2,410)	19	(2,391)

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 2021	268
	Additional funding received	114
	Released to income & expenditure account	(122)
	At 31 July 2022	260

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2022				
	Restricted	Unrestricted			Total
	Books, Prizes & Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes & Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2021 as previously stated	1,215	226	81	37	1,559
Depreciation of Endowment	(70)	(5)	(6)	(3)	(84)
Investments	12	1	1	1	15
Investment Income for year	-	-	-	-	-
Draw down from Endowments	(9)	(1)	(1)	-	(11)
At 31 July 2022	1,148	221	75	35	1,479
Split of Endowments					
Endowments Investments	1,148	71	75	35	1,329
Endowments Fixed Assets	-	150	-	-	150
	1,148	221	75	35	1,479

The Fixed Asset Endowments of £150,000 above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. A further £181,000 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 £1,148,000 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 2021/22: none (2020/21: none) of this income was used to purchase such materials.

	Period Ended 31 July 2021				
	Restricted	Unrestricted			Total
	Books, Prizes and Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes and Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2020 as previously stated	971	216	70	32	1,289
Appreciation of Endowment	241	10	11	5	267
Investments	12	1	1	-	14
Investment Income for year	-	-	-	-	-
Draw down from Endowments	(9)	(1)	(1)	-	(11)
At 31 July 2021	1,215	226	81	37	1,559
Split of Endowments					
Endowments Investments	1,215	76	81	37	1,409
Endowments Fixed Assets	-	150	-	-	150
	1,215	226	81	37	1,559

Notes to the accounts (continued)

24	Cash and Cash Equivalents	1 August 2021 £'000	Cash flows £'000	31 July 2022 £'000
	Cash and cash equivalents	5,205	689	5,894
	Restricted Funds	10	-	10
	Endowment Asset investments	61	4	65
	Total	5,276	693	5,969

25	Cash and Cash Equivalents	Note	2022 £'000	2021 £'000
	Cash		1	-
	Co-op Bank accounts		-	-
	Handelsbanken bank accounts		4,452	3,772
	Branch Bank accounts		25	25
	Barclays Bank accounts		410	405
	Nationwide Building Society		1,006	1,003
			5,894	5,205
	Restricted Fund Accounts:			
	Keith Evans Fund Account		5	5
	Alwyn Evans Fund Account		5	5
	Dil Llewellyn Fund Account		-	-
	Total cash & cash equivalents		5,904	5,215

26	Movement on General Reserves		2022 £'000	2021 £'000
	Income & Expenditure Account Reserve			
	At 1 August		(1,711)	(2,843)
	Surplus for the year on continuing operations		(793)	(471)
	Transfer from/(to) branch reserves		-	7
	Gain on disposal of assets		-	-
	Actuarial gain/ (loss) in respect of pension scheme	33	8,623	1,596
			6,119	(1,711)
	Branch reserves			
	At 1 August		25	31
	Movement for year		-	(6)
			25	25
	Total general reserve		6,144	(1,686)
	Balance Represented by:			
	Pension Reserve (FRS 102 (28))	33	2,410	(5,376)
	Income and expenditure account reserve excluding pension reserve		3,734	3,690
	As at 31 July		6,144	(1,686)

Notes to the accounts (continued)

26 Restricted Reserves	2022	2021
	£'000	£'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

27 Revaluation Reserve	2022	2021
	£'000	£'000
At 1 August	-	-
Transfer from Revaluation Reserve to General Reserve in respect of:		
Revaluation of assets	-	-
At 31 July	-	-

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	2022	2021
	£'000	£'000
Land and buildings		
Not later than one year	69	66
Later than one year and not later than five years	70	112
Later than five years	-	-
	139	178
Other		
Not later than one year	13	12
Later than one year and not later than five years	11	16
Later than five years	-	-
	24	28

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 £379; 22 Governors (2021: nil; 23 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

During the year 4 staff Governors (2 resigned 30 April 2022, 2 commenced duties 14 June 2022) received remuneration from the Organisation to the value of £31,098 (2021: 3 staff Governors; £33,530). No other Governor has received remuneration or waived payments from the Organisation during the year (2021: nil).

Neath & Port Talbot CBC - Councillor Sonia Reynolds (Gwaun-Cae-Gurwen and Lower Brynaman ward) was a Governor of the Organisation during the year. Sales transactions in the year amounted to £12,180 (2021: £2,850). There were no purchase transactions during the year (2021: nil) or balances outstanding at the year end (2021: nil).

Canolfan Maerdy - Councillor Sonia Reynolds was a Governor of the Organisation during the year and a Director of Canolfan Maerdy. Sales transactions in the year amounted to £8,620 (2021: nil). There were no purchase transactions during the year (2021: nil) or balances outstanding at the year end (2021: nil).

Wales TUC Cymru - Marion Burke (Policy Officer, Wales TUC Education) was a Governor of the Organisation during the year and employed by Wales TUC Cymru. Sales transactions in the year amounted to £103,113 (2021: £104,148). There were balances of £26,894 outstanding at the year end (2021: nil). Purchase transactions during the year amounted to £700 (2021: nil). There were no balances outstanding at the year end (2021: 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 transactions during the year (2021: nil). Purchase transactions during the year amounted to £613 (2021: £1,628). There were no balances outstanding at the year end (2021: nil).

Vale of Glamorgan Council - Councillor Chris Franks (Dinas Powys ward, from 5 May 2022) was a Governor of the Organisation during the year. Sales transactions in the year amounted to £180 (2021: £300). Purchase transactions during the year amounted to £2,061 (2021: £1,481). There were no balances outstanding at the year end (2021: nil).

Cardiff Council - Caroline Davies was a Governor of the Organisation during the year and employed by Cardiff Council. Sales transactions in the year amounted to £300 (2021: nil). Purchase transactions during the year amounted to £5,441 (2021: nil). There were no balances outstanding at the year end (2021: nil).

32 AMOUNTS DISBURSED AS AGENT

Learner Support Fund - Financial Contingency Fund (FCF)

	Year Ended 31 July 2022 £'000	Year Ended 31 July 2021 £'000
WG Grant for year	70	46
Interest earned	-	-
	70	46
Paid to third party *	29	8
Disbursed to students **	4	1
Other including administration costs	2	2
Balances unspent as at 31 July, including accrued income	35	35

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 2016 and of the LGPS 31 March 2019.

Total pension cost for the year	2022 £'000	2021 £'000
Teachers' Pension Scheme (TPS): contributions paid	285	241
Aviva Pension Scheme	-	-
Local Government Pension Scheme:		
Contributions paid Cardiff & Vale of Glamorgan (CVG)	584	545
Contributions paid Gwynedd (GC)	178	207
FRS 102 (28) charge Cardiff & Vale	394	382
FRS 102 (28) charge Gwynedd	<u>357</u>	<u>232</u>
Charge to the Statement of Comprehensive Income	1,512	1,366
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>1,798</u>	<u>1,607</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2020/21: 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 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2021-22 academic year.

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 £285,162 (2021: £240,558).

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 2022 were £942,642 of which employer's contributions totalled £761,365 and employees' contributions totalled £181,276. The agreed contribution rates for future years are 32.7% from April 2022 for Cardiff & Vale of Glamorgan LGPS and 23.7% for Gwynedd LGPS for the Organisation and range from 5.5% to 12.5% for employees, depending on salary.

Due mainly to the exceptional circumstances linked to the Covid-19 pandemic, the net pension liability recognised on the balance sheet increased to £6.3 million as at 31 July 2020 compared to £2.5 million at 31 July 2019. This was mainly due to reduced yields on corporate bonds (upon which the discount rate is determined) and volatile investment returns linked to the pandemic. There is a £2.4 million surplus as at 31 July 2022 compared to a £5.4 million liability as at 31 July 2021.

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 2019 updated to 31 July 2021 by AON:

	At 31 July 2022	At 31 July 2021
	% pa	% pa
Discount rate	3.4	1.7
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 2022	At 31 July 2021
	years	years
Current Pensioners		
Male	22.1	22.3
Female	24.6	24.7
Future Pensioners*		
Male	23.2	23.3
Female	26.0	26.1

* 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 2022		Value at 31 July 2021	
	%	£'000	%	£'000
Equities	67.2	6,256	66.5	5,994
Property	7.5	698	6.6	595
Government bonds	9.0	838	10.1	910
Corporate bonds	8.0	745	15.2	1,370
Multi Asset Credit	5.6	521	-	-
Cash	2.7	251	1.6	144
Other	-	-	-	-
Total	100	9,309	100	9,013

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:

	2022 £'000	2021 £'000
Fair value of plan assets	9,309	9,013
Present value of plan liabilities	(8,308)	(11,897)
Net pensions (liability)/asset	1,001	(2,884)

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

Active members	78%
Deferred Pensioners	8%
Pensioners	14%

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	978	911
Past service cost	-	-
Curtailment cost	-	16
Total	978	927

Amounts included in Finance costs (Note 13)

Interest on net defined benefit liability / (asset)	44	46
Total	1,022	973

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	(374)	1,286
Liability gains/(losses) arising during the period	4,697	(160)
Total amount recognised in Other Comprehensive Income	4,323	1,126

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

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

	2022	2021
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	158	103
Gain / (loss) on assets	(374)	1,286
Actual return on assets	(216)	1,389
	2022	2021
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	(2,884)	(3,582)
Movement in year:		
Current service costs	(978)	(911)
Past service costs	-	-
Curtailment costs	-	(16)
Employer contributions	584	545
Net interest on the defined (liability) / asset	(44)	(46)
Actuarial gain / (loss)	4,323	1,126
Net defined benefit (liability) / asset in scheme at 31 July	1,001	(2,884)
	2022	2021
	£'000	£'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	11,897	10,632
Current service cost	978	911
Interest expense on defined benefit obligation	202	149
Contributions by Scheme participants	122	122
Experience (gains) / losses on defined benefit obligations	(4,697)	160
Net Benefits paid out	(194)	(93)
Past service cost	-	-
Curtailment cost	-	16
Closing defined benefit obligation	8,308	11,897
	2022	2021
	£'000	£'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	9,013	7,050
Interest income on plan assets	158	103
Remeasurement gains / (losses) on plan assets	(374)	1,286
Contributions by employer	584	545
Contributions by Scheme participants	122	122
Net benefits paid out	(194)	(93)
Closing fair value of plan assets	9,309	9,013

Deficit contributions

After a triennial valuation in March 2019 the contribution rate was increased to 28.9% (20/21), 30.8% (21/22) and 32.7% (22/23) with no additional deficit payments due for the three years. These are awaiting review based on the results of the triennial valuation of March 2022.

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 2019 updated to 31 July 2022 by Hymans Robertson LLP:

	At 31 July 2022 % pa	At 31 July 2021 % pa
Discount Rate	3.5	1.6
Pension Increase Rate	2.75	2.85
Salary Increase Rate	3.05	3.15

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 2022 years	At 31 July 2021 years
Current Pensioners		
Male	21.3	21.5
Female	23.7	23.9
Future Pensioners*		
Male	22.4	22.7
Female	25.7	25.9

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

Asset allocation and expected return on assets	Value at At 31 July 2022 %	Value at At 31 July 2021 %
Equities	71	73
Property	10	8
Bonds	-	-
Cash	19	19
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:

	2022 £'000	2021 £'000
Fair value of plan assets	9,027	8,667
Present value of plan liabilities	(7,618)	(11,159)
Net pensions (liability)/asset	1,409	(2,492)

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	23%
Deferred Pensioners	38%
Pensioners	39%

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

	2022 £'000	2021 £'000
Amounts included in staff costs		
Current service cost	(535)	(439)
Past service cost	-	-
Total	(535)	(439)

Amounts included in Finance costs (Note 13)

Net interest on defined pension liability / (asset)	(42)	(39)
Total	(577)	(478)

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	193	1,460
Liability gains/(losses) arising during the period	4,107	(990)
Total amount recognised in Other Comprehensive Income	4,300	470

	2022 £'000	2021 £'000
Actual Return on Assets		
Interest income on plan assets	139	99
Gain / (loss) on assets	193	1,460
Actual return on assets	332	1,559

	2022 £'000	2021 £'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	(2,492)	(2,691)
Movement in year:		
Current service cost	(535)	(439)
Past service cost	-	-
Employer contributions	178	207
Net interest on the defined (liability) / asset	(42)	(39)
Actuarial gain / (loss)	4,300	470
Net defined benefit (liability) / asset in scheme at 31 July	1,409	(2,492)

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)	2022 £'000	2021 £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	11,159	9,745
Current Service Cost	535	439
Past Service Cost	-	-
Interest expense on defined benefit obligation	181	138
Contributions by Scheme participants	57	56
Experience (gains) / losses on defined benefit obligations	(4,107)	990
Net Benefits paid out	(207)	(209)
Closing defined benefit obligation	7,618	11,159
	2022	2021
Changes in the fair value of plan assets	£'000	£'000
Opening fair value of plan assets	8,667	7,054
Interest income on plan assets	139	99
Remeasurement gains / (losses) on plan assets	193	1,460
Contributions by employer	178	207
Contributions by Scheme participants	57	56
Net benefits paid out	(207)	(209)
Closing fair value of plan assets	9,027	8,667

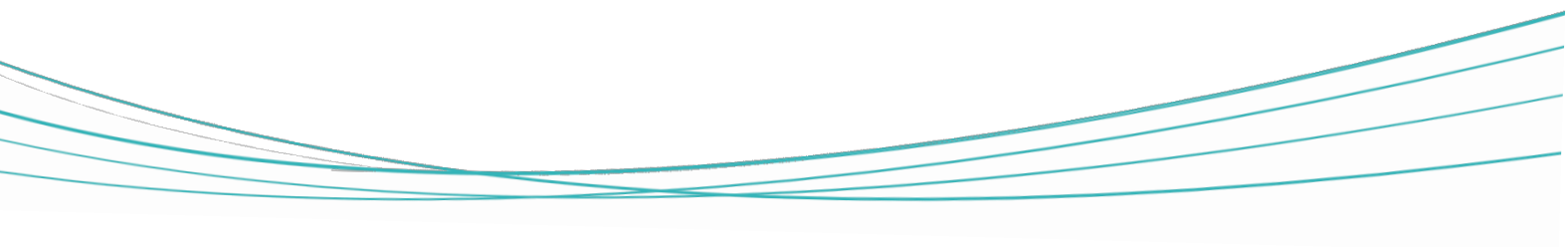
After a triennial valuation in March 2019 the contribution rate was decreased to 23.7% until 22/23 with no additional deficit payments due for this period. These are awaiting review based on the results of the triennial valuation of March 2022.

The figures disclosed within these accounts relating to the Cardiff & Vale and Gwynedd Local Government Pensions schemes, reflect the impact of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2022. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption.

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the Consumer Price Index (CPI). If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.





ADDYSG OEDOLION CYMRU / ADULT LEARNING WALES

England & Wales - Charity number 1071234

Accounts

Report and Financial Statements Year ended 31st July 2021



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Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

The Council present their report and the audited financial statements for the year ended 31 July 2021.

With a history of providing quality education spanning 100 years, Addysg Oedolion Cymru | Adult Learning Wales, the National Community College, serves the adult population of Wales with inspirational, life-changing learning opportunities.

Drawing on our strong partnerships, our vision sees us at the forefront for growth in lifelong learning, prioritising opportunities for those who are hardest to reach, empowering and upskilling people and delivering equal access to Welsh medium provision. We are committed to supporting health and wellbeing initiatives, developing strong resilient communities, and promoting active democracy.

The Covid-19 pandemic has presented many challenges in 2021, and whilst there has been disruption and a decline in curriculum delivery, we have grasped the opportunities afforded to us to grow our digital offer. This has meant a significant shift to on-line delivery and learner support services. With the uncertainty that this virus brings, this is an area we will continue to develop and we have restructured accordingly to meet new and emerging priorities as part of our future proofing strategy.

Alongside this, we are working within a continually challenging economic environment, where reliance on public funding alone is unsustainable. The labour market is changing fast in Wales and there is a need for people to learn new skills, particularly those associated with digital technologies. The landscape requires us to work collaboratively and demonstrate intelligent business efficiency in order to expand our reach and promote the value of adult community learning. Enabling the working poor to upskill is our passion and priority, as well as helping to tackle broader poverty issues, such as unemployment and homelessness.

It is crucial to nurture the skill of learning over a lifetime to secure informed, flexible, intelligent, and healthy workforces and communities. The economic, social, and civic advantages of developing a truly lifelong learning society in Wales will be profound; giving us the cutting edge that we need for our communities to be resilient, for our economy to adapt to changing circumstances and for our democracy to thrive.

Our strategic focus this year is to continue to raise standards, deliver areas of growth and invest in continuous development of our workforce.

1.1 Legal status

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

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:

Increasing the social, economic and personal impact of adult community learning in Wales through co-ordination and development of national, regional and local partnerships; delivering equal access to Welsh medium provision.

Our Mission:

Providing inspiring learning opportunities for adults who are hardest to reach in communities and workplaces throughout Wales; empowering people to develop skills and knowledge to realise their full potential and help build strong resilient communities through active citizenship and democratic learning.

Our Goals:

1. Excellent Teaching and Learning:

- Deliver the highest quality learning programmes, prioritising those who are hardest to reach and providing equal access to Welsh medium provision
- Promote and support inspirational teaching ensuring that learners realise their full potential
- Invest in and develop digital technologies to inspire and generate innovative teaching practices
- Deliver excellent support services, ensuring learners have the support and direction needed for further progression.

2. Raising the profile and importance of adult community learning

- Ensure active leadership and governance is in place that promotes adult community learning and challenges us to continuously improve
- Promote our values and ethos, ensuring that we continue to raise our profile as the voice of adult community learning in Wales
- Draw on our membership and supporters to campaign for improved investment in adult community learning so that we can widen our reach
- Assess the impact of adult community learning and demonstrate its value so as to influence policy.

3. Strong collaboration and engagement

- Ensure we place our learners at the heart of everything we do, listening to them and acting on their feedback to continuously improve our offer
- Develop employer engagement to upskill working adults in support of initiatives which help to tackle in-work poverty
- Co-ordinate and develop national, regional and local partnerships to strengthen adult learning opportunities
- Strengthen our membership and branch activities to meet community learning needs, build health and wellbeing initiatives, strong resilient communities and the promotion of active democracy.

4. Responsible growth

- Pursue additional sources of funding to generate investment in learning resources and growth in our curriculum
- Commit to sustainable development, ensuring we are operating in a healthy, safe and environmentally conscious way
- Ensure that the growth in our provision is all-inclusive, providing equality of opportunity in all that we do to meet social, economic and personal learning opportunities
- Promote a culture of openness and transparency, committed to valuing and investing in staff where our learning organisation ethos promotes ideas and empowers people to make a positive input into future growth.

1.4 Policy Context

In terms of policy, the national strategy '*Prosperity for All*' by the Welsh Government (WG), sets out key themes for delivery in Wales including a commitment to improved education, training, and lifelong learning. This is underpinned by the programme for Government 2016-2021 '*Taking Wales Forward*' and supports the long-term focus on preparing for future generations as set out in the *Well-being of Future Generations Act (2015)*. With a clear remit in place to improve health and wellbeing, education and training, skills, and employment prospects, we have an important contribution to make to support the success of this agenda.

The AOC|ALW [*Strategic Plan 2021-24*](#) sets out priorities which strongly match the ambitions of the Welsh Government's 2017 *Adult Learning in Wales* policy. The policy highlights the strengths of partnership working and Third Sector engagement - a real strength within our organisation. With a focus on supporting those in greatest

need of help, the policy expects Adult Community Learning (ACL) providers to prioritise key areas: essential, digital and employability skills, a focus on older learners, social engagement, 'hook' courses and engagement activity, together with Welsh medium provision.

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

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

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

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

The Minister for Education, who is keen to develop a Welsh right to lifelong learning, has directed her officials to introduce a national body to oversee all community based learning in Wales. It is important that we make strong representations and position ourselves as the national lead as we continue to work proactively with Ministers, Welsh Government Officials, Local Authorities, Adult Community Learning (ACL) partnerships and other stakeholders across Wales.

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 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-Assessment Report (SAR) measures performance throughout the year as part of the Quality cycle. The SAR is written in accordance with guidance from the Welsh Government. Judgements are made using the format of the Estyn Common Inspection Framework which focuses on 5 key questions relating to Standards, Wellbeing and Attitudes to Learning, Teaching and Learning Experiences, Care, Support and Guidance, and Leadership and Management.

The Organisation is continually working to improve and develop processes to ensure that data used to inform planning is produced in a timely fashion, is robust and used effectively across the Organisation to inform the Self-Assessment process. The SAR is located on the Organisation's intranet and can be accessed by all staff. Any areas for development that are identified within the SAR are incorporated into the Quality Development Plan (QDP) which is produced by the Senior Management Team. Monitoring of the QDP is embedded in the Quality cycle and is reviewed at operational, senior management and governance level.

Throughout the year, Continuing Professional Development (CPD) events have been run to upskill tutors and core staff on quality related issues, to ensure standards are maintained. This forms part of the learning and development plan. A range of standardisation activities and events were held with opportunities for all staff to engage in assessment and Internal Quality Assurance (IQA) activities to develop their practices. The IQA policy is monitored and reviewed for effectiveness and impact of use. Scrutiny of quality control measures is undertaken by the Senior Management Team and by Council, through its Learner Experience Committee.

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

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Student numbers

In 2020/21 the Organisation recruited 6,651 learners, 70% female and 30% male. Completion* rates for Welsh Government funded provision only were at 96% overall (level with the National Comparator), Attainment rates were at 79% (National Comparator not available) with Successful Completion at 77% (13% below National Comparators). The Successful Completion rate was adversely affected by the lock down and inability to complete a large number of accredited courses.

*Completion includes accredited and non-accredited provision. National Comparators (NCs) are 2018/19 data and are taken from National Statistics for Wales document 'Statistical First Release SFR 08/2020' (Page 9). Welsh Government does not envisage publishing 20/21 NCs due to the Covid-19 outbreak.

2.2 Student achievements

The table below gives the performance data for 2020/21, listed in descending order of educational provision.

Subject Sector Area	Subject Sector Area Description	Learning Activities	Guided Learner Contact Hours	Comp %	Attain %	Success %
	Total	13,387	284,604	96%	79%	77%
14d	English for Speakers of Other Languages (ESOL)	2,294	105,739	94%	80%	77%
14c	Foundation for Work	3,317	33,534	98%	83%	80%
1	Health, Public Services & Care	2,099	29,824	99%	80%	79%
13	Education & Training	888	29,088	97%	52%	51%
9b	Art & Design	1,041	22,174	93%	90%	83%
15	Business, Administration and Law	1,075	19,699	99%	94%	93%
14b	Adult Basic Education	1,098	15,515	94%	75%	70%
14a	Independent Living Skills	116	7,734	91%	89%	84%
12	Languages, Literature & Culture	449	6,063	93%	78%	72%
10	History, Philosophy & Theology	278	4,705	99%	100%	100%
6	Information & Communication Technology	292	3,842	93%	84%	75%
9a	Performing Arts	138	3,118	99%	N/A	N/A
7c	Hospitality & Catering	135	1,168	99%	95%	94%
4	Engineering & Manufacturing Technology	62	745	100%	77%	77%
7a	Retailing & Customer Care	54	540	100%	94%	94%
3	Agriculture, Horticulture & Animal Care	22	510	91%	93%	88%
12b	Welsh, English and Other Languages	6	319	83%	100%	83%
2	Science & Mathematics	8	154	88%	100%	86%
8	Leisure, Travel & Tourism	6	78	100%	100%	100%
11	Social Sciences	9	56	100%	67%	67%

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, Health, Public Services & Care, Education & Training, Art & Design, Trade Union Studies (categorised as Business, Administration and Law), Adult Basic Education, and Independent Living Skills.

We have continued our work with asylum seekers and with ethnic minority groups. 17.2% of our learners in 2020/21 were from minority ethnic communities. We continue to target the most disadvantaged areas and 45.5% of our learners live in areas of deprivation. Over two thirds of our learners are female at 70% in 2020/21 compared to 59% in the 2019/20 academic year. 80.6% of our learners are aged between 20 and 60 which compares to 2019/20 data of 81.3%.

2.4 Curriculum developments

Provision for 2020/21 was an aggregate of regional and national curricula, workplace/trade union studies, administered either from organisational offices or from home and often delivered from the homes of staff who were able to undertake tutoring activities from home.

During 2020/21, the majority of provision was delivered online, with some face-to-face delivery resuming as restrictions lifted and resources allowed. As a result, the main focus for staff CPD was on continuing to support the Digital Skills of delivery staff.

The Organisation 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. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers. Some of this was supported through the Wales Union Learning Fund (WULF). In addition to core funded programmes of learning, full cost recovery / income generation either through delivery or accreditation services remained a focus. The impact of the pandemic reflected in the reduced number of learners who engaged and enrolled onto provision – total learner numbers for the academic year were 6651 compared to 8994 in 2019/20.

Throughout 2020/21, AOC|ALW continued to offer a broad range of provision, spanning from pre-Entry to Level 3. This was consistent with Welsh Government policy priorities for Adult Learning in Wales, with a continued emphasis on essential skills (including Digital Literacy), ESOL and employability skills. ESOL continued to be the largest programme area, in terms of number of delivery hours.

Throughout the academic year, a higher proportion of non-accredited provision was delivered than in previous years. Learner engagement continued to be a priority, supporting learners where possible with pathways leading to accredited provision.

For Welsh Government and Estyn purposes, all learning continues to be badged as Adult Community Learning and not Further Education or Work-based Learning.

2.5 Future developments

We now find ourselves in a landscape that is characterised by the impact of a global pandemic that has caused major disruption to our economy. This has put further pressure on public spending and raises uncertainty about future funding. This means that there is additional pressure on our resources. The changing economic context presents a number of significant challenges for Wales, and for adult learning in particular. In addition to the problems associated with an ageing population, rapid advances in technology and changing employment patterns, the private sector is experiencing a slow economic recovery. Set within this challenging economic environment, there is an increased need for more cost effective and innovative ways of working with reduced budget availability.

The Organisation is confident in its capacity and capability to respond effectively to these challenges. It is well placed to build on the legacy of its founding organisations and will promote a broad liberal education which

improves social justice and community engagement, alongside offering highly focused education and training services for employability, enterprise and skills development.

We will continue to review and develop our curriculum offer to ensure that resources are directed to improve our digital framework to deliver more online courses and blended learning. It is important that we ensure a flexible approach and a broad range of learning options that increase learner engagement. This is a significant shift in our curriculum planning and puts additional demands on our infrastructure.

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 £228k.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances - this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – achieved, as during the year the Organisation was awarded several large grants in order to improve the assets across the organisation.
- to further improve the Organisation's shorter-term liquidity – this was achieved with year end cash balances being £5.215m.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

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

Financial results

The following table summarises performance for 2020/21 against 2019/20:

	2020/21	2019/20
Operating surplus/(deficit) prior to FRS 102 (28) pension adjustments and net proceeds of sales	£228K	£934k
Operating surplus/(deficit) after FRS 102 (28) pension adjustments and net proceeds of sales	(£471k)	£466k
Current ratio (current assets/current liabilities)	2.2:1	2.3:1
Staff costs as % of income	84.4%	72.2%
Welsh Government income as a % of total income	90%	95%
Total unrestricted reserves	(£1.34m)	(£2.5m)
Cash balances	£5.215m	£4.085m
Net assets	(£117k)	(£1.5m)

Tangible fixed asset additions during the year amounted to £184k and were split between property improvements £129k and equipment at £55k.

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 £1.348m (note 17) within two separate investment funds managed by Brewin Dolphin.

Cash flows and Liquidity

At £1,311k (2019/20: £1,073k) the operating cash flow is again positive for the period.

There was an increase in net funds for the year of £1,149k compared to 2019/20 £1,055k.

The current ratio which stands at (2.2:1) has decreased slightly from 19/20 (2.3:1) but still remains at a good level. The financial position continues to be stable which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs, but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves. These stood at (£1.34m) (2019/20: £2.5) at 31 July 2021, thus the target of £1.6m was not met. However, there has been a reduction to the pension deficit in the year of £897k. The target is in line with Charity Commission guidance and Welsh Government's suggested good practice for Further Education Institutions. All reserves are reported to and reviewed regularly at Resources Committee meetings, and expenditure from reserves is approved by 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 2021/22 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 AOC|ALW, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received.

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

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

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

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

Field offices 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 2020 to 31 July 2021 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

During the academic year there were 173 active hourly paid teaching staff, including 4 support workers. As at 31 July 2021, there were 75 full time and 42 part time salaried support staff.

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. Termly 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

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

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

The main risks identified have been compounded by the impact of the current pandemic. The situation has decreased the ability to forecast accurately due to the volatility and uncertainty of the current position. In order to mitigate the risks, the Senior Officers of the Organisation are in regular contact with the Welsh Government in order to identify and manage key challenges.

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

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

4.1 Government funding

The Organisation has considerable reliance on continued Welsh Government funding authorised through the Senedd, with levels of funding due to remain stable for 2021/22.

This risk is mitigated in several ways:

- There is a rolling annual budget in place which supports the delivery of the strategic plan whilst identifying budget pressures and allowing the Organisation to plan accordingly.
- The Organisation continues to expand delivery that has a range of course fee recovery options associated with it.
- The Organisation has developed a more commercial focus in relation to delivering training for business: it has a designated workplace learning team whose focus is the business sector.
- By ensuring the Organisation is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- The Organisation has a dedicated Business Development employee to identify and develop growth opportunities.
- Ensuring the Organisation is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the Welsh Government and other key funders.
- Preparation of funding bids from sources other than the Welsh Government.
- Discussions with other providers to develop joint bids to contract for the delivery of services in Wales.

4.2 Maintain adequate funding of pension liabilities

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

4.3 IT Infrastructure

The support contract for the Organisation has been improved and implemented for the year which puts in place stronger support mechanisms. This helps to mitigate the risks associated with the IT infrastructure.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- Welsh Government
- Staff
- Other FE Institutions
- Trade Unions
- Accrediting bodies
- HE Institutions
- Other third sector organisations and partners
- Learners
- Funders
- Branches
- Members
- Volunteers

- Local communities
- 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.

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

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

As part of its 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 AOC|ALW. In these situations the Organisation will work with the providers of premises to provide equal access wherever possible. If equal access is not available at a community venue, alternative arrangements will be explored as required.

5.3 AOC|ALW and the Welsh Language

AOC|ALW is committed to the Welsh Government's vision of a truly bilingual Wales, as set out in the document ***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 AOC|ALW is fully committed. AOC|ALW will work to ensure that the Welsh language is treated as wholly equal to the English language. Standards set will be clear and consistent in terms of the services to be provided in both languages and will strive to be reasonable and proportionate, to reflect an all-Wales educational Organisation. Compliance with Welsh Language Standards will be ensured through regular monitoring.

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

The Learner Services and Human Resources team continues 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.

5.4 Disclosure of information to auditors

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

Approved by order of the members of the Council 8th April 2022 and signed on its behalf by:

John Graystone
Chair of Governors

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Professional advisers

External auditors:
Baker Knolly Chartered Accountants, Merthyr Tydfil

Bankers:
Handelsbanken, Cardiff

Internal auditors:
TIAA, 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 2021.

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. 2020) or Resignation date	Committee Membership	Council meetings attended (out of 6 in total)
John Graystone	Chair; Appointed		Search (Chair)	6
Toni Schiavone	Vice Chair; Elected Regional Governor		Resources, Search	6
Sonia Reynolds	Vice Chair; Elected Regional Governor		Audit, Search	5
Dona Lewis	Appointed	Appointed, 24/9/2020	Resources	3 (out of 5)
Chris Franks	Elected Members' Governor		Audit (Chair)	6
Marion Burke	Appointed	Appointed, 25/11/2020	Learner Experience	4 (out of 5)
Cathy Clark	Elected Learner Governor		Learner Experience	6
Caroline Davies	Elected Regional Governor		Learner Experience (Chair), Search	5
Jan Tiley	Elected Learner Governor	Elected, 1/1/2021	Resources	4 (out of 4)
Dafydd Rhys	Elected Staff Governor	Resigned, 30/9/2020	Learner Experience	1 (out of 1)
Judith Evans	Appointed	Appointed, 1/12/2020	Resources	4 (out of 4)
Julie Cook	Appointed	Resigned, 24/10/2020	Learner Experience	0 (out of 1)
Guy Wallace Smith	Appointed	Resigned, 30/10/2020	Audit	1 (out of 2)
Jenni Jones-Annetts	Elected Learner Governor		Learner Experience	6
Stephen Nicholls	Appointed		Resources (Chair)	6
Suzanne Samuel	Appointed		Learner Experience	5
Gareth Cork	Elected Staff Governor		Resources	6
Daryl Leeworthy	Elected Regional Governor	Resigned, 17/3/2021	Resources	4 (out of 4)
Steve David	Elected Staff Governor	Elected 23/11/2020	Learner Experience	4 (out of 5)
Timothy Palazon	Appointed		Learner Experience	5
Salamat Fada	Appointed		Learner Experience	4
Victory Ezeofor	Elected Regional Governor	Elected, 14/6/2021	Audit	1 (out of 1)
Carl Hoskins	Elected Regional Governor	Elected, 2/7/2021	Resources	1 (out of 1)

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 2020-21 met on six 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:

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

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

Members of 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 2020-21 were: Paul Charlton, Graham Price, Guy Wallace Smith [from Dec. 2020 onwards] (Audit Committee); Jeremy Gass and Ashok Chopra (Learner Experience Committee); Susan Roberts and Judith Evans [Sept. to Nov. 2020] (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 have been up to 12 elected members (variously nominated by Regional Forums, individual members, learners and staff) and up to 8 appointed members. The Council is responsible for ensuring that appropriate training is provided for its members as required. The Council adheres to the 2016 Code of Good Governance for Colleges in Wales.

Statement of Corporate Governance and Internal Control (continued)

Audit Committee

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

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

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

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

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

The Search Committee is responsible for overseeing the appointment of Council members, making recommendations to the full Council to fill the vacancies that exist. The Diversity Categories and Skills Matrix for Governors, forming part of the Organisation's Standing Orders, inform the Search Committee's recruitment practices. All governors appointed in 2020/21 came 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 him or her in the Financial Memorandum between the Organisation and the Welsh Government. She/he is also responsible for reporting to the Council any material AOC|ALW weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control provides reasonable, not absolute, assurance of effectiveness and is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control (continued)

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:

- 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

Statement of Corporate Governance and Internal Control (continued)

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 8th April 2022 and signed on its behalf by:

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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

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

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

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

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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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 8th April 2022 and signed on its behalf by:

John Graystone
Chair of Governors

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

A COMPANY LIMITED BY GUARANTEE - 3109524

Report on the audit of the financial statements

Opinion

In our opinion, Addysg Oedolion Cymru / Adult Learning Wales financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 July 2021, 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 the Welsh Government.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2021 (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2021; 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 ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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

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.

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.

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 20 and 21, 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 control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the 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 Governing Body (Council) of Addysg Oedolion Cymru | Adult Learning Wales (continued)

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.

Other required reporting

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2016 issued by the Welsh Government

In our opinion, in all material respects:

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

Huw Baker FCA
Senior Statutory Auditor
For and behalf of:

Baker Knoyle
Chartered Accountants
Merthyr Tydfil

Date:

Statement of Comprehensive Income

INCOME	Notes	2021 £'000	2020 £'000
Welsh Government Grants	2	6,584	7,569
Tuition fees and education contracts	3	336	337
Other grants and contracts	4	388	94
Other Income	5	9	9
Branch Income	6	3	14
Investment Income	7	2	4
Pension Finance Income	8	-	-
Donations and Endowments	9	-	-
Total Income		7,322	8,027
EXPENDITURE			
Staff costs	10	6,303	5,784
Other operating expenses	12	1,254	1,534
Depreciation	16	143	176
Interest and other finance costs	13	85	49
Branch Expenditure	12	8	18
Total Expenditure		7,793	7,561
(Deficit)/Surplus before other gains and losses	15	(471)	466
Gain/(loss) on disposal of assets		-	-
(Deficit)/Surplus before tax		(471)	466
Taxation	14	-	-
(Deficit)/Surplus for the year		(471)	466
Revaluation Reserve movement	27	-	-
Gain/(loss) on investments	17	271	(16)
Actuarial gain/(loss) in respect of pensions schemes	33	1,596	(3,328)
Total Comprehensive Income for the year		1,396	(2,878)
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		1,125	(2,862)
Endowment comprehensive income		271	(16)
		1,396	(2,878)

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	Other £'000	Endowment £'000	Other £'000	£'000
Balance at 1st August 2019	317	50	988	10	1,365
Surplus/(deficit) from the income and expenditure account	-	466	-	-	466
Other comprehensive income	1	(3,328)	(17)	-	(3,344)
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	1	(2,862)	(17)	-	(2,878)
Balance at 31st July 2020	318	(2,812)	971	10	(1,513)
Surplus/(deficit) from the income and expenditure account	-	(471)	-	-	(471)
Other comprehensive income	244	1,596	27	-	1,867
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	244	1,125	27	-	1,396
Balance at 31st July 2021	562	(1,687)	998	10	(117)

Balance Sheet as at 31 July

	Notes	2021 £'000	2020 £'000
Non current assets			
Tangible Fixed Assets	16	792	751
Endowment Assets	17	1,559	1,289
		2,351	2,040
Current Assets			
Trade and other receivables	18	532	157
Cash and cash equivalents	25	5,215	4,085
		5,747	4,242
Creditors - amounts falling due within one year	19	(2,602)	(1,363)
Net Current assets		3,145	2,879
Total assets less current liabilities		5,496	4,919
Creditors - amounts falling due after more than one year	20	(212)	(124)
Provisions			
Defined benefit obligations	21	(5,376)	(6,273)
Other provisions	21	(25)	(35)
Total net assets		(117)	(1,513)
Restricted Reserves			
Endowments	23	1,215	971
Other	26	10	10
Total restricted reserves		1,225	981
Unrestricted Reserves			
Endowments	23	344	318
Income and expenditure account	26	(1,686)	(2,812)
Revaluation Reserve	27	-	-
Total unrestricted reserves		(1,342)	(2,494)
Total Reserves		(117)	(1,513)

The financial statements on pages 25 - 52 were approved and authorised for issue by the Governing Body on 8th April 2022 and were signed on its behalf on that date by:-

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

STATEMENT OF CASH FLOWS

	Notes	2021 £'000	2020 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		(471)	466
Adjustment for non-cash items			
Depreciation	16	143	176
(Increase)/decrease in debtors	18	(375)	241
Increase/(decrease) in creditors due within one year	19	1,239	(209)
Increase/(decrease) in creditors due after one year	20	88	(55)
Increase/(decrease) in provisions	21	(10)	(10)
Pension costs less contributions payable	33	699	468
Adjustment for investing or financing activities			
Interest receivable		(2)	(4)
Interest payable		-	-
Net cash flow from operating activities		1,311	1,073
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Interest receivable		2	4
Income from endowments	23	3	6
Payments made to acquire fixed assets	16	(184)	(19)
Payments made to acquire endowment assets	17	(109)	(117)
Proceeds from sale of endowment assets	17	126	108
Drawdown from endowments	23	-	-
		(162)	(18)
Cash flows from financing activities			
Interest paid		-	-
New secured loans		-	-
Repayments of amounts borrowed		-	-
		-	-
Increase / (decrease) in cash and cash equivalents in the year		1,149	1,055
Cash and cash equivalents at beginning of the year	24	4,127	3,072
Cash and cash equivalents at end of the year	24	5,276	4,127

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 2020 to 2021 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 2021. Intra-group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Going Concern

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

The Trustees have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Directors are of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, 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.

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.

Statement of accounting policies (continued)

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support fund, Financial Contingency Fund (FCF). Related payments received from the WG and subsequent disbursements to students totalling £1k (2020: £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 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.

Statement of accounting policies (continued)

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

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.

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.

Statement of accounting policies (continued)

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

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

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

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

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 which relate to 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).

Statement of accounting policies (continued)

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 had no cash equivalents during the year.

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

Statement of accounting policies (continued)

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- ***Tangible fixed assets***

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

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 33, will impact on the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. 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	2021 £'000	2020 £'000
2 Welsh Government (WG) Grants			
WG Mainstream Recurrent grant		5,456	5,861
WG Other Recurrent		416	1,004
WG release of capital grants	22	105	117
WG Maintenance, Digital, SOP & Capital funding		417	544
WG non recurrent grants		190	43
Total		6,584	7,569
3 Tuition Fees and Education Contracts			
Education Contracts		37	40
Tuition Fees		296	294
Other fees including exam fees		3	3
Total		336	337
4 Other Grants and Contracts			
European Social Fund		55	-
Other Grants and Contracts		333	94
Total		388	94
5 Other Income			
Release of other government capital grants	22	-	-
Individual Subscriptions, Affiliations, Donations		2	2
Room rental		-	-
Other miscellaneous		7	7
Total		9	9
6 Branch income		3	14
7 Investment Income			
Interest receivable		2	4
Total		2	4
8 Net return on pension scheme	33	-	-
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 2021	Year ended 31 July 2020
Teaching & Learning departments		188	199
Teaching & Learning support services		9	11
Other support services		36	34
Administration and central services		34	34
General Education		1	1
Premises		2	2
Total average staff numbers		270	281

		2021 £'000	2020 £'000
Staff Costs for the above persons			
Wages and Salaries		4,051	3,962
Social security costs		337	309
Other pension costs	33	1,607	1,351
Payroll sub total		5,995	5,622
Contracted out staffing services		62	86
		6,057	5,708
Restructuring costs	Contractual	125	52
	Non-Contractual	121	24
Total Staff costs		6,303	5,784

The organisation has salary sacrifice arrangements in place for a Cycle Scheme.

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 2021.

Notes to the accounts (continued)**11 Key management personnel (continued)****Emoluments of Key management personnel, Accounting Officer and other higher paid staff**

	2021	2020
	No.	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	
	2021	2020	2021	2020
	No.	No.	No.	No.
£50,001 to £55,000 p.a.	-	2	-	-
£55,001 to £60,000 p.a.	2	-	-	-
£60,001 to £65,000 p.a.	-	-	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	-	-	-
£80,001 to £85,000 p.a.	1	1	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2021	2020
	£'000	£'000
Basic salary	194	186
Benefits in kind	<u>-</u>	<u>-</u>
	194	186
Pension Contributions	<u>57</u>	<u>50</u>
Total key management personnel compensation	<u>252</u>	<u>236</u>

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)**

	2021	2020
	£'000	£'000
Basic Salary	83	81
Benefits in kind	-	-
Pension Contributions	25	22
	108	102

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 2020-21, 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:

	2021	2020
	£'000	£'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	3.6	3.7

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

	2021	2020
	£'000	£'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, three staff members (one resigned 30 September 2020; one commenced duties 23 November 2020) 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)

	Note	2021 £'000	2020 £'000
12 Other operating expenses			
Teaching costs		61	158
Non teaching costs:			
Teaching support services		134	183
Other support services		83	43
Administration and central services		495	528
General Education including Marketing & Promotional		90	78
Premises Costs		348	521
Consultancy		43	23
Branch Expenditure		8	18
Total		<u>1,262</u>	<u>1,552</u>

Other operating expenses include above:

Auditors' Remuneration:

External audit	Financial	10	10
	Other	<u>4</u>	<u>4</u>
		<u>14</u>	<u>14</u>
Internal audit		<u>9</u>	<u>9</u>

13 Interest and other finance costs

		2021 £'000	2020 £'000
Net interest on defined pension liability	33	85	49
Interest on bank loans, overdrafts and other loans		-	-
Finance Leases		-	-
Total		<u>85</u>	<u>49</u>

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

	2021 £'000	2020 £'000
The Organisation's surplus / (deficit) for the year	<u>(471)</u>	<u>466</u>

Notes to the accounts (continued)

	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
16 Tangible Fixed Assets							
Cost or valuation							
At 1 August 2020	1,304	-	289	2,842	150	-	4,585
Additions	-	-	129	55	-	-	184
Adjustments	-	-	(172)	(1,422)	(84)	-	(1,678)
Disposals							
At 31 July 2021	1,304	-	246	1,475	66	-	3,091
Depreciation							
At 1 August 2020	672	-	260	2,761	141	-	3,834
Charge for the year	35	-	51	53	4	-	143
Adjustments	-	-	(172)	(1,422)	(84)	-	(1,678)
Disposals							
At 31 July 2021	707	-	139	1,392	61	-	2,299
Net Book Value at 31 July 2021	597	-	107	83	5	-	792
Net Book Value at 31 July 2020	632	-	29	81	9	-	751

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

17 Investments

	2021 £'000	2020 £'000
Endowment Assets		
Balance at 1 August	1,289	1,306
Purchases of assets	110	118
Sales of assets	(126)	(108)
Revaluation of endowment assets	-	-
Appreciation/(Depreciation) of endowment asset investments	267	(23)
Movement in cash balances	19	(4)
Balance at 31 July	1,559	1,289
Represented by:		
Equities, Bonds, Other	1,348	1,095
Cash and deposits	61	44
Land	150	150
	1,559	1,289

18 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade receivables	34	66
Prepayments and accrued income	498	91
	532	157

Notes to the accounts (continued)

19	Creditors: amounts falling due within one year	2021 £'000	2020 £'000
	Notes		
	Trade payables	74	-
	Other taxation and social security	92	75
	Accruals - annual leave	125	123
	Accruals - other	1,302	577
	Deferred income - government capital grants 22	56	66
	Deferred income - government revenue	415	346
	Deferred income - other	538	176
	Total	2,602	1,363

20	Creditors: amounts falling due after one year		
	Deferred income - government capital grants 22	212	124
	Total	212	124

21	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
	At 1 August 2020	6,273	35	6,308
	Expenditure in the period	(736)	(10)	(746)
	Additions in the period	(161)	-	(161)
	At 31 July 2021	5,376	25	5,401

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 2020	190
	Additional funding received	183
	Released to income & expenditure account	(105)
	At 31 July 2021	268

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2021				
	Restricted	Unrestricted			Total
	Books, Prizes & Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes & Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2020 as previously stated	971	216	70	32	1,289
Appreciation of Endowment Investments	241	10	11	5	267
Investment Income for year	12	1	1	-	14
Draw down from Endowments	-	-	-	-	-
Investment Management Expenses	(9)	(1)	(1)	-	(11)
At 31 July 2021	1,215	226	81	37	1,559
Split of Endowments					
Endowments Investments	1,215	76	81	37	1,409
Endowments Fixed Assets	-	150	-	-	150
	1,215	226	81	37	1,559

The Fixed Asset Endowments of £150,000 above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. A further £194,000 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 £1,215,000 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 2020/21: none (2019/20: none) of this income was used to purchase such materials.

	Period Ended 31 July 2020				
	Restricted	Unrestricted			Total
	Books, Prizes and Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes and Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2019 as previously stated	989	216	69	32	1,306
Appreciation of Endowment Investments	(23)	-	-	-	(23)
Investment Income for year	13	1	2	-	16
Draw down from Endowments	-	-	-	-	-
Investment Management Expenses	(8)	(1)	(1)	-	(10)
At 31 July 2020	971	216	70	32	1,289
Split of Endowments					
Endowments Investments	971	66	70	32	1,139
Endowments Fixed Assets	-	150	-	-	150
	971	216	70	32	1,289

Notes to the accounts (continued)

24	Cash and Cash Equivalents	1 August 2020	Cash flows	31 July 2021
		£'000	£'000	£'000
	Cash and cash equivalents	4,075	1,130	5,205
	Restricted Funds	10	-	10
	Endowment Asset investments	42	19	61
	Total	<u>4,127</u>	<u>1,149</u>	<u>5,276</u>

25	Cash and Cash Equivalents	Note	2021	2020
			£'000	£'000
	Cash		0	1
	Co-op Bank accounts		-	-
	Handelsbanken bank accounts		3,772	2,636
	Branch Bank accounts		25	31
	Barclays Bank accounts		405	405
	Nationwide Building Society		1,003	1,002
			<u>5,205</u>	<u>4,075</u>
	Restricted Fund Accounts:			
	Keith Evans Fund Account		5	5
	Alwyn Evans Fund Account		5	5
	Dil Llewellyn Fund Account		-	-
	Total cash & cash equivalents		<u>5,215</u>	<u>4,085</u>

26	Movement on General Reserves		2021	2020
			£'000	£'000
	Income & Expenditure Account Reserve			
	At 1 August		(2,843)	15
	Surplus for the year on continuing operations		(471)	466
	Transfer from/(to) branch reserves		7	4
	Gain on disposal of assets		-	-
	Actuarial gain/ (loss) in respect of pension scheme	33	1,596	(3,328)
			<u>(1,711)</u>	<u>(2,843)</u>
	Branch reserves			
	At 1 August		31	34
	Movement for year		(6)	(3)
			<u>25</u>	<u>31</u>
	Total general reserve		<u>(1,686)</u>	<u>(2,812)</u>
	Balance Represented by:			
	Pension Reserve (FRS 102 (28))	33	(5,376)	(6,273)
	Income and expenditure account reserve excluding pension reserve		3,690	3,461
	As at 31 July		<u>(1,686)</u>	<u>(2,812)</u>

Notes to the accounts (continued)

26 Restricted Reserves	2021 £'000	2020 £'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

27 Revaluation Reserve	2021 £'000	2020 £'000
At 1 August	-	-
Transfer from Revaluation Reserve to General Reserve in respect of: Revaluation of assets	-	-
At 31 July	-	-

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	2021 £'000	2020 £'000
Land and buildings		
Not later than one year	66	28
Later than one year and not later than five years	112	43
Later than five years	-	-
	178	71
Other		
Not later than one year	12	12
Later than one year and not later than five years	16	23
Later than five years	-	-
	28	35

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 expenses paid to Governors during the year was £0; 23 Governors (2020: £1,285; 21 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 3 staff Governors (1 resigned 30 September 2020, 1 commenced duties 23 November 2020) received remuneration from the Organisation to the value of £33,530 (2020: 3 staff Governors; £57,586). No other Governor has received remuneration or waived payments from the Organisation during the year (2020: nil).

Neath & Port Talbot CBC - Councillor Sonia Reynolds was a Governor of the Organisation during the year. Sales transactions in the year amounted to £2,850 (2020: £6,334). There were no purchase transactions during the year (2020: nil) or balances outstanding at the year end (2020: nil).

Canolfan Maerdy - Councillor Sonia Reynolds was a Governor of the Organisation during the year and a Director of Canolfan Maerdy. There were no sales or purchase transactions during the year (2020: nil). There were no balances outstanding at the year end (2020: nil).

Wales TUC Cymru - Julie Cook and Marion Burke were Governors of the Organisation during the year and employed by Wales TUC Cymru. Sales transactions in the year amounted to £104,148 (2020: £117,380). There were no balances outstanding at the year end of (2020: £45,585). There were no purchase transactions during the year (2020: £3,150) or balances outstanding at the year end (2020: nil).

Bridgend CBC - Guy Wallace Smith was a Governor of the Organisation during the year and employed by Bridgend CBC. Sales transactions amounted to £3,815 (2020: £6,134). There were no purchase transactions during the year (2020: nil) or balances outstanding at the year end (2020: nil).

Carmarthenshire CC - Suzanne Samuel was a Governor of the Organisation during the year and employed by Carmarthenshire CC. There were no Sales transactions during the year (2020: £550). There were no purchase transactions during the year (2020: nil) or balances outstanding at the year end (2020: nil).

Y Ganolfan Dysgu Cymraeg Genedlaethol / National Centre for Learning Welsh - Donna Lewis was a Governor of the Organisation during the year and employed by Y Ganolfan Dysgu Cymraeg Genedlaethol. There were no sales or purchases transactions during the year (2020: nil) or balances outstanding at the year end (2020: nil).

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

	Year Ended 31 July 2021 £'000	Year Ended 31 July 2020 £'000
WG Grant for year	46	46
Interest earned	-	-
	46	46
Paid to third party *	8	24
Disbursed to students **	1	1
Other including administration costs	2	2
Balances unspent as at 31 July, including accrued income	35	19

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 2019 and of the LGPS 31 March 2019 also.

Total pension cost for the year	2021 £'000	2020 £'000
Teachers' Pension Scheme (TPS): contributions paid	241	241
Aviva Pension Scheme	-	-
Local Government Pension Scheme:		
Contributions paid Cardiff & Vale of Glamorgan (CVG)	545	471
Contributions paid Gwynedd (GC)	207	220
FRS 102 (28) charge Cardiff & Vale	382	251
FRS 102 (28) charge Gwynedd	<u>232</u>	<u>168</u>
Charge to the Statement of Comprehensive Income	1,366	1,110
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>1,607</u>	<u>1,351</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2019/20: 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 the 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 2019. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year.

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 £240,558 (2020: £240,641).

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 2020 were £911,807 of which employer's contributions totalled £734,225 and employees' contributions totalled £177,582. The agreed contribution rates for future years are 30.8% from April 2021 and 32.7% from April 2022 for Cardiff & Vale of Glamorgan LGPS and 23.7% for Gwynedd LGPS for the Organisation and range from 5.5% to 12.5% for employees, depending on salary.

Due mainly to the exceptional circumstances linked to the Covid-19 pandemic, the net pension liability recognised on the balance sheet increased to £6.3million as at 31 July 2020 compared to £2.5million at 31 July 2019. This was mainly due to reduced yields on corporate bonds (upon which the discount rate is determined) and volatile investment returns linked to the pandemic. The pension liability has now reduced to £5.4million as at 31 July 2021.

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 2019 updated to 31 July 2021 by AON:

	At 31 July 2021	At 31 July 2020
	% pa	% pa
Discount rate	1.7	1.4
CPI Inflation	2.6	2.2
Pension Increase	2.6	2.2
Pension accounts revaluation rate	2.6	2.2
Salary increases	3.6	3.2

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 2021	At 31 July 2020
	years	years
<i>Retiring today</i>		
Male	22.3	22.2
Female	24.7	24.6
<i>Retiring in 20 years</i>		
Male	23.3	23.2
Female	26.1	26.0

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 2021		Value at 31 July 2020	
	%	£'000	%	£'000
Equities	66.5	5,994	61.1	4,308
Property	6.6	595	8.2	578
Government bonds	10.1	910	12.0	846
Corporate bonds	15.2	1,370	17.1	1,205
Cash	1.6	144	1.4	99
Other	0.0	0	0.2	14
Total	100	9,013	100	7,050

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:

	2021 £'000	2020 £'000
Fair value of plan assets	9,013	7,050
Present value of plan liabilities	(11,897)	(10,632)
Net pensions (liability)/asset	(2,884)	(3,582)

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

Active members	78%
Deferred Pensioners	8%
Pensioners	14%

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

	2021 £'000	2020 £'000
Amounts included in staff costs		
Current service cost	911	646
Past service costs	0	76
Curtailment costs	16	0
Total	927	722

Amounts included in Finance costs (Note 13)

Interest on net defined benefit liability / (asset)	46	12
Total	973	734

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	1,286	(280)
Liability gains/(losses) arising during the period	(160)	(2,233)
Total amount recognised in Other Comprehensive Income	1,126	(2,513)

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

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

	2021	2020
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	103	152
Gain / (loss) on assets	1,286	(280)
Actual return on assets	1,389	(128)

	2021	2020
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		

Net defined benefit (liability) / asset in scheme at 1 August	(3,582)	(806)

Movement in year:

Current service costs	(911)	(646)
Past service costs	-	(76)
Curtailment costs	(16)	
Employer contributions	545	471
Net interest on the defined (liability) / asset	(46)	(12)
Actuarial gain / (loss)	1,126	(2,513)

Net defined benefit (liability) / asset in scheme at 31 July	(2,884)	(3,582)

	2021	2020
	£'000	£'000
Changes to the present value of the defined benefit obligation		

Opening defined benefit obligation	10,632	7,433
Current Service Cost	911	646
Interest expense on defined benefit obligation	149	164
Contributions by Scheme participants	122	110
Experience (gains) / losses on defined benefit obligations	160	2,233
Net Benefits paid out	(93)	(30)
Past Service Cost	-	76
Curtailment Cost	16	-
Closing defined benefit obligation	11,897	10,632

	2021	2020
	£'000	£'000
Changes in the fair value of plan assets		

Opening fair value of plan assets	7,050	6,627

Interest income on plan assets	103	152
Remeasurement gains / (losses) on plan assets	1,286	(280)
Contributions by employer	545	471
Contributions by Scheme participants	122	110
Net benefits paid out	(93)	(30)

Closing fair value of plan assets	9,013	7,050

Deficit contributions

After a triennial valuation in March 2019 the contribution rate was increased to 28.9% (20/21), 30.8% (21/22) and 32.7% (22/23) with no additional deficit payments due for the three years. This situation will be reviewed at the next valuation.

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 2019 updated to 31 July 2021 by Hymans Robertson LLP:

	At 31 July 2021	At 31 July 2020
	% pa	% pa
Discount Rate	1.6	1.4
Pension Increase Rate	2.85	2.2
Salary Increase Rate	3.15	2.5

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 2021	At 31 July 2020
	years	years
<i>Retiring today</i>		
Male	21.5	21.3
Female	23.9	23.4
<i>Retiring in 20 years</i>		
Male	22.7	22.2
Female	25.9	25.1

Asset allocation and expected return on assets

	Value at	Value at
	31 July 2021	31 July 2020
	%	%
Equities	73	78
Property	8	9
Bonds	0	0
Cash	19	13
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:

	2021	2020
	£'000	£'000
Fair value of plan assets	8,667	7,054
Present value of plan liabilities	(11,159)	(9,745)
Net pensions (liability)/asset	(2,492)	(2,691)

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	23%
Deferred Pensioners	38%
Pensioners	39%

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Current service Cost	439	388
Past service Cost	-	-
Total	439	388

Amounts included in Finance costs (Note 13)

Net interest on defined pension liability	39	37
Total	478	425

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	1,460	209
Liability gains/(losses) arising during the period	(990)	(1,024)
Total amount recognised in Other Comprehensive Income	470	(815)

	2021	2020
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	99	140
Gain / (loss) on assets	1,460	209
Actual return on assets	1,559	349

	2021	2020
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	(2,691)	(1,671)
Movement in year:		
Current service costs	(439)	(388)
Past service costs	-	-
Employer contributions	207	220
Net interest on the defined (liability) / asset	(39)	(37)
Actuarial gain / (loss)	470	(815)
Net defined benefit (liability) / asset in scheme at 31 July	(2,492)	(2,691)

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)	2021 £'000	2020 £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	9,745	8,313
Current Service Cost	439	388
Past Service Cost	-	-
Interest expense on defined benefit obligation	138	177
Contributions by Scheme participants	56	51
Experience (gains) / losses on defined benefit obligations	990	1,024
Net Benefits paid out	(209)	(208)
Closing defined benefit obligation	11,159	9,745
	2021 £'000	2020 £'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	7,054	6,642
Interest income on plan assets	99	140
Remeasurement gains / (losses) on plan assets	1,460	209
Contributions by employer	207	220
Contributions by Scheme participants	56	51
Net benefits paid out	(209)	(208)
Closing fair value of plan assets	8,667	7,054

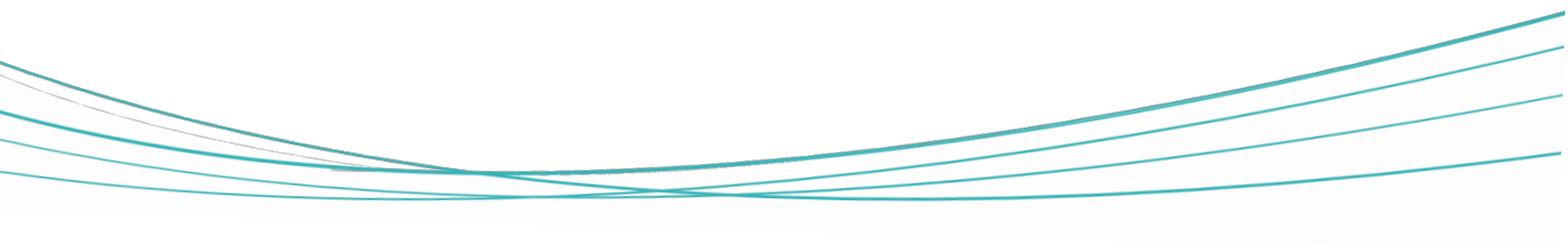
After a triennial valuation in March 2019 the contribution rate was decreased to 23.7% until 22/23 with no additional deficit payments due for this period. This situation will be reviewed at the next valuation.

The figures disclosed within these accounts relating to the Cardiff & Vale and Gwynedd Local Government Pensions schemes, reflect the impact of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2020. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption.

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the Consumer Price Index (CPI). If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.





Accounts

Report and Financial Statements Year ended 31st July 2020



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Strategic Report

1. NATURE, OBJECTIVES AND STRATEGIES

The Council present their report and the audited financial statements for the year ended 31 July 2020.

With a history of providing quality education spanning 100 years, Addysg Oedolion Cymru | Adult Learning Wales, the National Community College, serves the adult population of Wales with inspirational, life-changing learning opportunities.

Drawing on our strong partnerships, our vision sees us at the forefront for growth in lifelong learning, prioritising opportunities for those who are hardest to reach, empowering and upskilling people and delivering equal access to Welsh medium provision. We are committed to supporting health and wellbeing initiatives, developing strong resilient communities and promoting active democracy.

The Covid-19 pandemic has presented many challenges in 2020, and whilst there has been disruption and a decline in curriculum delivery, we have grasped the opportunities afforded to us to grow our digital offer. This has meant a significant shift to on-line delivery and learner support services. With the uncertainty that this virus brings, this is an area we will continue to develop and we have restructured accordingly to meet new and emerging priorities as part of our future proofing strategy.

Alongside this, we are working within a continually challenging economic environment, where reliance on public funding alone is unsustainable. The labour market is changing fast in Wales and there is a need for people to learn new skills, particularly those associated with digital technologies. The landscape requires us to work collaboratively and demonstrate intelligent business efficiency in order to expand our reach and promote the value of adult community learning. Enabling the working poor to upskill is our passion and priority, as well as helping to tackle broader poverty issues, such as unemployment and homelessness.

It is crucial to nurture the skill of learning over a lifetime to secure informed, flexible, intelligent and healthy workforces and communities. The economic, social and civic advantages of developing a truly lifelong learning society in Wales will be profound; giving us the cutting edge that we need for our communities to be resilient, for our economy to adapt to changing circumstances and for our democracy to thrive.

Our strategic focus this year is to continue to raise standards, deliver areas of growth and invest in continuous development of our workforce.

1.1 Legal status

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

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:

Increasing the social, economic and personal impact of adult community learning in Wales through co-ordination and development of national, regional and local partnerships; delivering equal access to Welsh medium provision.

Our Mission:

Providing inspiring learning opportunities for adults who are hardest to reach in communities and workplaces throughout Wales; empowering people to develop skills and knowledge to realise their full potential and help build strong resilient communities through active citizenship and democratic learning.

Our Goals:

1. Excellent teaching and learning

- Deliver the highest quality learning programmes, prioritising those who are hardest to reach and providing equal access to Welsh medium provision
- Promote and support inspirational teaching ensuring that learners realise their full potential
- Invest in and develop digital technologies to inspire and generate innovative teaching practices
- Deliver excellent support services, ensuring learners have the support and direction needed for further progression.

2. Raising the profile and importance of adult community learning

- Ensure active leadership and governance is in place that promotes adult community learning and challenges us to continuously improve
- Promote our values and ethos, ensuring that we continue to raise our profile as the voice of adult community learning in Wales
- Draw on our membership and supporters to campaign for improved investment in adult community learning so that we can widen our reach
- Assess the impact of adult community learning and demonstrate its value so as to influence policy.

3. Strong collaboration and engagement

- Ensure we place our learners at the heart of everything we do, listening to them and acting on their feedback to continuously improve our offer
- Develop employer engagement to upskill working adults in support of initiatives which help to tackle in-work poverty
- Co-ordinate and develop national, regional and local partnerships to strengthen adult learning opportunities
- Strengthen our membership and branch activities to meet community learning needs, build health and wellbeing initiatives, strong resilient communities and the promotion of active democracy.

4. Responsible growth

- Pursue additional sources of funding to generate investment in learning resources and growth in our curriculum
- Commit to sustainable development, ensuring we are operating in a healthy, safe and environmentally conscious way
- Ensure that the growth in our provision is all-inclusive, providing equality of opportunity in all that we do to meet social, economic and personal learning opportunities
- Promote a culture of openness and transparency, committed to valuing and investing in staff where our learning organisation ethos promotes ideas and empowers people to make a positive input into future growth.

1.4 Policy Context

In terms of policy, the national strategy '*Prosperity for All*' by the Welsh Government (WG) sets out key themes for delivery in Wales including a commitment to improved education, training, and lifelong learning. This is underpinned by the programme for Government 2016-2021 '*Taking Wales Forward*' and supports the long-term focus on preparing for future generations as set out in the *Well-being of Future Generations Act (2015)*. With a clear remit in place to improve health and wellbeing, education and training, skills, and employment prospects, we have an important contribution to make to support the success of this agenda.

The AOC|ALW [*Strategic Plan 2018-21*](#) sets out priorities which strongly match the ambitions of the Welsh Government's 2017 ***Adult Learning in Wales*** policy. The policy highlights the strengths of partnership working and Third Sector engagement - a real strength within our organisation. With a focus on supporting those in greatest need of help, the policy expects Adult Community Learning (ACL) providers to prioritise key areas: essential, digital and employability skills, a focus on older learners, social engagement, 'hook' courses and engagement activity, together with Welsh medium provision.

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

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

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

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

The Minister for Education, who is keen to develop a Welsh right to lifelong learning, has directed her officials to introduce a national body to oversee all community based learning in Wales. It is important that we make strong representations and position ourselves as the national lead as we continue to work proactively with Ministers, Welsh Government Officials, Local Authorities, Adult Community Learning (ACL) partnerships and other stakeholders across Wales. Our approach is set out in our ACL National Body strategy document.

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 (defined as a surplus prior to FRS 102 non cash pension costs)
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances
- to generate sufficient levels of income to support the asset base of the Organisation
- to further improve the Organisation's shorter term liquidity
- to retain an average cash level of £500,000
- to maintain category "B" Welsh Government financial status.

Meeting the above targets 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 Assessment Report (SAR) measures performance throughout the year as part of the Quality cycle. The SAR is written in accordance with guidance from the Welsh Government. Judgements are made using the format of the Estyn Common Inspection Framework which focuses on 5 key questions relating to Standards, Wellbeing and Attitudes to Learning, Teaching and Learning Experiences, Care, Support and Guidance, and Leadership and Management.

The Organisation is continually working to improve and develop processes to ensure that data used to inform planning is produced in a timely fashion, is robust and used effectively across the Organisation to inform the Self Assessment process. The SAR is located on the Organisation's intranet and can be accessed by all staff. Any areas for development that are identified within the SAR are incorporated into the Quality Development Plan (QDP) which is produced by the Senior Management Team. Monitoring of the QDP is embedded in the Quality cycle and is reviewed at operational, senior management and governance level.

A new Internal Quality Assurance (IQA) Policy was introduced in 2019/20 and shared across the organisation which clearly sets out its sampling strategy and supports the development and maintenance of quality assurance across our provision. A range of standardisation activities and events were held with opportunities for all staff to engage in assessment and internal quality assurance to develop their practices. The IQA policy is monitored and reviewed for effectiveness and impact of use. Scrutiny of quality control measures is undertaken by the Senior Management Team and by Council, through the Learner Experience Committee.

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

2. CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

2.1 Student numbers

In 2019/20 the Organisation recruited 8,994 learners, 59% female and 41% male. Completion* rates for Welsh Government funded provision only are at 97% overall (1% above National Comparators), Attainment rates are at 88% (National Comparator not available) with Successful Completion at 86% (4% below National Comparators). The successful completion % has been significantly impacted by the lockdown and inability to complete a large number of accredited courses.

*Completion includes accredited and non-accredited provision. National Comparators (NCs) are 18/19 data and are taken from National Statistics for Wales document Statistical First Release SFR 08/2020 (Page 9). WG are not envisaging publishing 19/20 NCs due to the Covid-19 outbreak.

2.2 Student achievements

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

Subject Sector Area	Subject Sector Area Description	No. of Learner Activities	Guided Learner Contact Hours	Comp %	Attain %	Success %
1	Health, Public Services & Care	4,908	60,768	99%	90%	89%
2	Science & Mathematics	113	1,869	95%	79%	77%
3	Agriculture, Horticulture & Animal Care	65	1,380	95%	71%	68%
4	Engineering & Manufacturing Technology	182	3,483	95%	78%	73%
6	Information & Communication Technology	741	9,989	97%	87%	85%
7a	Retailing & Customer Care	134	1,134	99%	86%	85%
7c	Hospitality & Catering	669	5,614	99%	89%	88%
8	Leisure, Travel & Tourism	56	2,706	98%	95%	92%
9a	Performing Arts	158	5,072	100%	n/a	n/a
9b	Art & Design	890	27,359	95%	80%	75%
10	History, Philosophy & Theology	152	2,806	99%	100%	100%
11	Social Sciences	48	773	98%	100%	100%
12	Languages, Literature & Culture	238	2,854	97%	91%	90%
12b	Welsh, English and Other Languages	9	670	0%	n/a	n/a
13	Education & Training	421	8,258	96%	87%	83%
14a	Independent Living Skills	221	17,080	96%	75%	75%
14b	Adult Basic Education	2,031	28,417	96%	81%	78%
14c	Foundation for Work	3,560	31,875	99%	91%	91%
14d	English for Speakers of Other Languages	3,532	106,211	95%	83%	78%
15	Business, Administration and Law	1,610	26,048	99%	87%	86%
	Total	19,738	344,365	97%	88%	86%

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), Health, Public Services & Care, Foundation for Work, Adult Basic Education, Art & Design, Trade Union Studies (categorised as Business, Administration and Law), and Independent Living Skills.

We have continued our work with asylum seekers and with ethnic minority groups. 10.7% of our learners in 2019/20 were from minority ethnic communities. We continue to target the most disadvantaged areas and 55.3% of our learners live in areas of deprivation. Over half of our learners are female (59% in 19/20 compared to 56% in the 18/19 academic year) and 81.3% of our learners are aged between 20 and 60 which compares to 18/19 data of 81.6%.

2.4 Curriculum developments

Provision for 2019/20 was an aggregate of workplace/trade union studies, regional and national curricula administered from the Organisation's offices, until March 23rd when lockdown began. From that point, staff undertook administrative tasks from home, until the UK and Welsh Governments' advice enabled some members of staff to return to some of the Organisation's offices.

From March 23rd 2020, all areas of delivery were involved in supporting learners and delivery staff to transition to online delivery. As a significant proportion of learning focused on essential skills, employability and English for Speakers of Other Languages (ESOL), this presented challenges in terms of supporting learners on these programmes with the resources and skills they needed to access online delivery. During lockdown and into Term 3, a 'Keeping in Touch' approach was adopted, with the focus on maintaining contact with existing learners in order to continue their learning and supporting them during this challenging, and often isolating, period. The focus was on developing the Digital Skills of delivery staff and learners in order to meet this challenge.

Overall during 2019/20, the provision continued to target adult learners with high barriers to learning, 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. Learning delivered in the workplace was offered in response to demand from the trade union movement and employers. Some of this was supported through the Wales Union Learning Fund (WULF). In addition to core funded programmes of learning, full cost recovery / income generation either through delivery or accreditation services remained a focus.

Throughout 2019/20, AOC|ALW continued to offer a broad range of provision, spanning from pre-Entry to Level 3. This was consistent with Welsh Government policy priorities for Adult Learning in Wales, with a growing emphasis on essential skills (including Digital Literacy), ESOL and employability skills. Up until March, provision included enrichment activities to broaden the learning experience - for example outside visits, guest speakers and learner participation in local and national competitions.

Towards the latter end of the academic year, much more non-accredited provision than planned was delivered. This was a response to the global pandemic and provided learners across Wales with needs-led, flexible and supportive provision. Curriculum teams were responsive to emerging needs of learners and the need for provision to match these. A different cohort of learners began to present via the organisation's partnership with Job Centre Plus across Wales, resulting in the development of more resilience-building activities and bespoke employability courses. During Term 3, all provision was online, with no face-to-face activities.

For Welsh Government and Estyn purposes, all learning continues to be badged as Adult Community Learning and not Further Education or Work-based Learning.

2.5 Future developments

We now find ourselves in a landscape that is characterised by the impact of a global pandemic that has caused major disruption to our economy. This has put further pressure on public spending and caused uncertainty about future funding. This means that there is additional pressure on our resources. The changing economic context presents a number of significant challenges for Wales, and for adult learning in particular. In addition to the problems associated with an ageing population, rapid advances in technology and changing employment patterns, the private sector is experiencing a slow economic recovery. Set within this challenging economic environment, there is an increased need for more cost effective and innovative ways of working with reduced budget availability.

The Organisation is confident in its capacity and capability to respond effectively to these challenges. It is well placed to build on the legacy of its founding organisations and will promote a broad liberal education which improves social justice and community engagement, alongside offering highly focused education and training services for employability, enterprise and skills development.

We will continue to review and develop our curriculum offer to ensure that resources are directed to improve our digital framework to deliver more online courses and blended learning. It is important that we ensure a flexible approach and a broad range of learning options that increase learner engagement. This is a significant shift in our curriculum planning and puts additional demands on our infrastructure. As such we have implemented a new structure which directs resources to meet new priorities as part of our future proofing strategy. We have updated our strategic plan to demonstrate the changed focus on digital investment. The Business Development Strategy implemented in November 2019 has been updated and sets out our approach to support that growth. Alongside this, we will ensure that our staff Continuing Professional Development (CPD) programme supports the aims of the strategy to develop skills within our workforce to meet growth and quality targets.

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 also still holds some tangible resources in Harlech.

3.1 Financial

Financial objectives

The Organisation's financial objectives are:

- to achieve an annual operating surplus - this was achieved with a surplus of £466k.
- to pursue alternative sources of funding, on a selective basis, consistent with the Organisation's aims and objectives, and the need for a financial contribution to the Organisation's overall finances - this was achieved with several sources of alternative funding being applied for and secured.
- to generate sufficient levels of income to support the asset base of the Organisation – achieved, as during the year the Organisation was awarded several large grants in order to improve the assets across the organisation.
- to further improve the Organisation's shorter term liquidity – this was achieved with year end cash balances being £4.085m.
- to retain an average cash level of £500,000 – this was achieved.
- to maintain category "B" Welsh Government financial status – achieved.

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

Financial results

The following table summarises performance for 2019/20 against 2018/19:

	2019/20	2018/19
Operating surplus/(deficit) after FRS 102 (28) pension adjustments	£466k	£68k
Current ratio (current assets : current liabilities)	2.3:1	2.2:1
Staff costs as % of income	72.2%	74.9%
Welsh Government income as a % of total income	95%	92%
Total unrestricted reserves	(£2.5m)	£0.4m
Cash balances	£4.085m	£3.03m
Net assets	(£1.5m)	£1.4m

Tangible fixed asset additions during the year amounted to £19k and were split between fixtures and fittings at £4k and equipment at £15k.

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 £1.095m (note 17) within two separate investment funds managed by Brewin Dolphin.

Cash flows and Liquidity

At £1,073k (2018/19:£703k) the operating cash flow is again positive for the period.

There was an increase in net funds for the year of £1,055k compared to 2018/19 £951k.

The current ratio which stands at 2.3:1 is an improvement on the previous year (2.2:1). The financial position has stabilised which highlights the Organisation's continuing progress in its objective of maintaining financial health through improved liquidity.

Reserves

Levels of reserves depend upon operational needs but the Organisation aims to have a minimum of three months' running costs, including salaries, held in General (unrestricted) reserves. These stood at minus £2.5m (2018/19: £0.4m) at 31 July 2020, thus the target of £1.6m was not met. This is largely due to the increase in pension obligations of £3.8m. The target is in line with Charity Commission guidance and Welsh Government's suggested good practice for Further Education Institutions. All reserves are reported to and reviewed regularly at Resources Committee meetings, and expenditure from reserves is approved by the Council.

The Organisation's aim is to increase the levels of its 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 AOC|ALW, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received.

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

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

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

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

Field offices 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 2019 to 31 July 2020 the Organisation incurred no interest charges in respect of late payment.

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.

Post-balance sheet events

There are no post-balance sheet events to report.

3.2 Staffing

During the academic year there were 157 hourly paid teaching staff. As at 31 July 2020, there were 66 full time and 46 part time salaried support staff.

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. Termly 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 CPD needs and aspirations for improvement to deliver targets.

4. PRINCIPAL RISKS AND UNCERTAINTIES

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

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

The main risks identified have been compounded by the impact of the current pandemic. The situation has decreased the ability to forecast accurately due to the volatility and uncertainty of the current position. In order to mitigate the risks, the Senior Officers of the Organisation are in regular contact with the Welsh Government in order to identify and manage key challenges.

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

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

4.1 Government funding

The Organisation has considerable reliance on continued Welsh Government funding through the Senedd, with levels of funding due to remain stable for 2020/21.

This risk is mitigated in several ways:

- There has been a rolling three year budget in place which supports the delivery of the strategic plan whilst identifying budget pressures and allowing the Organisation to plan accordingly.
- The Organisation continues to expand delivery that has a range of course fee recovery options associated with it.
- The Organisation has developed a more commercial focus in relation to delivering training for business: it has a designated workplace learning team whose focus is the business sector.
- By ensuring the Organisation is rigorous in delivering high quality education.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- The Organisation has a dedicated Business Development resource which was implemented within the year in order to identify and develop growth opportunities.
- Ensuring the Organisation is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the Welsh Government and other key funders.
- Preparation of funding bids from sources other than the Welsh Government.
- Discussions with other providers to develop joint bids to contract for the delivery of services in Wales.

4.2 Maintain adequate funding of pension liabilities

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

4.3 IT Infrastructure

The support contract for the Organisation has been improved and implemented for the year which puts in place stronger support mechanisms. This helps to mitigate the risks associated with the IT infrastructure.

5. STAKEHOLDER RELATIONSHIPS

The Organisation has many stakeholders. These include:

- Welsh Government
- 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
- Adult Community Learning 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.

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

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

As part of its 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 AOC|ALW. In these situations the Organisation will work with the providers of premises to provide equal access wherever possible. If equal access is not available at a community venue, alternative arrangements will be explored as required.

5.3 AOC|ALW and the Welsh Language

AOC|ALW is committed to the Welsh Government's vision of a truly bilingual Wales, as set out in the document *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 AOC|ALW is fully committed. AOC|ALW will work to ensure that the Welsh language is treated as wholly equal to the English language. Standards set will be clear and consistent in terms of the services to be provided in both languages and will strive to be reasonable and proportionate, to reflect an all-Wales educational Organisation. Compliance with Welsh Language Standards will be ensured through regular monitoring.

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

The Learner Services and Human Resources team continues 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.

5.4 Disclosure of information to auditors

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

Approved by order of the members of the Council 30th March 2021 and signed on its behalf by:

John Graystone
Chair of Governors

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Professional advisers

External auditors:

Baker Knolly Accountancy Ltd, 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 manner in which 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 2020.

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. 2019) or Resignation date	Committee Membership	Council meetings attended (out of 6 in total)
John Graystone	Chair; Appointed	Re-appointed, 31/03/2020	Search (Chair)	5
Toni Schiavone	Vice Chair; Elected Regional Governor		Resources, Search	4
Sonia Reynolds	Vice Chair; Elected Regional Governor	Re-elected, 11/03/2020	Audit, Search	3
David Elis-Williams	Elected Regional Governor	31/03/2020	Resources (Chair)	4 (out of 4)
Chris Franks	Elected Members' Governor	Re-elected, 11/03/2020	Audit (Chair)	4
Gerry Jenson	Appointed	Resigned, 04/08/2019	Learner Experience	N/A
Cathy Clark	Elected Learner Governor		Learner Experience	6
Caroline Davies	Elected Regional Governor		Learner Experience (Chair), Search	5
Iwan Hywel	Appointed	Resigned, 31/03/20	Resources	3 (out of 4)
Dafydd Rhys	Elected Staff Governor	Re-elected, 10/03/2020	Learner Experience	6
Nick Taylor	Elected Regional Governor	Resigned, 26/11/2019	Resources	0 (out of 1)
Julie Cook	Appointed		Learner Experience	5
Guy Wallace Smith	Appointed		Audit	2
Jenni Jones-Annetts	Elected Learner Governor		Learner Experience	4
Stephen Nicholls	Formerly an Elected Learner Governor	Appointed, 01/04/2020	Resources	5
Suzanne Samuel	Appointed		Learner Experience	3
Gareth Cork	Elected Staff Governor		Resources	6
Daryl Leeworthy	Elected Regional Governor		Resources	4
Malgorzata Zedler	Elected Learner Governor	Elected 26/03/2020; Resigned 06/07/2020	Resources	0 (out of 1)
Timothy Palazon	Appointed	Appointed, 20/08/2019	Learner Experience	6
Salamat Fada	Appointed	Appointed, 20/08/2019	Learner Experience	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 2019-20 met on six occasions.

The Council conducts 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:

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

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

Members of Council are able to take independent professional advice in furtherance of their duties at the Organisation's expense and have access to the Clerk to the Council, who is responsible to Council for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Council as a whole. Formal agendas, papers and reports are supplied to Council 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 2019/20 were: Paul Charlton, Graham Price (Audit Committee); Jeremy Gass, Derwena Watkin and Ashok Chopra (Learner Experience Committee); and Susan Roberts (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 Council and that of Chief Executive are separate.

Composition of the Council

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

Statement of Corporate Governance and Internal Control (continued)

Audit Committee

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

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

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

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

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

The Search Committee is responsible for overseeing the appointment of Council members, making recommendations to the full Council to fill the vacancies that exist. The Diversity Categories and Skills Matrix for Governors, forming part of the Organisation's Standing Orders, inform the Search Committee's recruitment practices. All governors appointed in 2019/20 came 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 him or her in the Financial Memorandum between the Organisation and the Welsh Government. S/he is also responsible for reporting to the Council any material AOC|ALW weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control provides reasonable, not absolute, assurance of effectiveness and is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Organisation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control (continued)

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:

- 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

Statement of Corporate Governance and Internal Control (continued)

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.

Approved by order of the members of the Organisation on 30th March 2021 and signed on its behalf by:

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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

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

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

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

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

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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.

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

Furthermore, in our view, no detriment or harm arises from the Organisation carrying out its work and we are not aware of any widespread views among others that such detriment or harm might arise.

This report is prepared in accordance with the 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 30th March 2021 and signed on its behalf by:

John Graystone
Chair of Governors

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

A COMPANY LIMITED BY GUARANTEE - 3109524

Report on the audit of the financial statements

Opinion

In our opinion, Addysg Oedolion Cymru | Adult Learning Wales financial statements:

- give a true and fair view of the state of the Organisation's affairs as at 31 July 2020, 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 the Welsh Government.

We have audited the financial statements, included within the Annual Report and Financial Statements for the year ended 31 July 2020 (the "Annual Report"), which comprise the Balance Sheet as at 31 July 2020; 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 ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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

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.

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.

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 and 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 control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the 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 Governing Body (Council) of Addysg Oedolion Cymru | Adult Learning Wales (continued)

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.

Other required reporting

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

In our opinion, in all material respects:

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

Huw Baker FCA
Senior Statutory Auditor
For and behalf of:

Baker Knoyle Accountancy
Chartered Accountants
Merthyr Tydfil

Date:

Statement of Comprehensive Income

INCOME	Notes	2020 £'000	2019 £'000
Welsh Government Grants	2	7,569	6,622
Tuition fees and education contracts	3	337	465
Other grants and contracts	4	94	93
Other Income	5	9	20
Branch Income	6	14	16
Investment Income	7	4	2
Pension Finance Income	8	-	-
Donations and Endowments	9	-	-
Total Income		8,027	7,218
EXPENDITURE			
Staff costs	10	5,784	5,406
Other operating expenses	12	1,534	1,544
Depreciation	16	176	182
Interest and other finance costs	13	49	18
Branch Expenditure	12	18	-
Total Expenditure		7,561	7,150
(Deficit)/Surplus before other gains and losses	15	466	68
Gain/(loss) on disposal of assets		-	156
(Deficit)/Surplus before tax		466	224
Taxation	14	-	-
(Deficit)/Surplus for the year		466	224
Revaluation Reserve movement	27	-	-
Gain/(loss) on investments	17	(16)	67
Actuarial gain/(loss) in respect of pensions schemes	33	(3,328)	(1,503)
Total Comprehensive Income for the year		(2,878)	(1,212)
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		(2,862)	(1,279)
Endowment comprehensive income		(16)	67
		(2,878)	(1,212)

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	Other £'000	Endowment £'000	Other £'000	£'000
Balance at 1st August 2018	308	1,329	930	10	2,577
Surplus/(deficit) from the income and expenditure account	-	224	-	-	224
Other comprehensive income	9	(1,503)	58	-	(1,436)
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	9	(1,279)	58	-	(1,212)
Balance at 31st July 2019	317	50	988	10	1,365
Surplus/(deficit) from the income and expenditure account	-	466	-	-	466
Other comprehensive income	1	(3,328)	(17)	-	(3,344)
Transfers between revaluation and income and expenditure reserves	-	-	-	-	-
Total comprehensive income for the year	1	(2,862)	(17)	-	(2,878)
Balance at 31st July 2020	318	(2,812)	971	10	(1,513)

Balance Sheet as at 31 July

	Notes	2020 £'000	2019 £'000
Non current assets			
Tangible Fixed Assets	16	751	908
Endowment Assets	17	1,289	1,306
		2,040	2,214
Current Assets			
Trade and other receivables	18	157	398
Cash and cash equivalents	25	4,085	3,026
		4,242	3,424
Creditors - amounts falling due within one year	19	(1,363)	(1,572)
Net Current assets		2,879	1,852
Total assets less current liabilities		4,919	4,066
Creditors - amounts falling due after more than one year	20	(124)	(179)
Provisions			
Defined benefit obligations	21	(6,273)	(2,477)
Other provisions	21	(35)	(45)
Total net assets		(1,513)	1,365
Restricted Reserves			
Endowments	23	971	989
Other	26	10	10
Total restricted reserves		981	999
Unrestricted Reserves			
Endowments	23	318	317
Income and expenditure account	26	(2,812)	49
Revaluation Reserve	27	-	-
Total unrestricted reserves		(2,494)	366
Total Reserves		(1,513)	1,365

The financial statements on pages 26 - 54 were approved and authorised for issue by the Governing Body on 30th March 2021 and were signed on its behalf on that date by:-

John Graystone
Chair of Governors

Kathryn Robson
Chief Executive

STATEMENT OF CASH FLOWS

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		466	68
Adjustment for non-cash items			
Depreciation	16	176	182
(Increase)/decrease in debtors	18	241	(107)
Increase/(decrease) in creditors due within one year	19	(209)	452
Increase/(decrease) in creditors due after one year	20	(55)	(19)
Increase/(decrease) in provisions	21	(10)	(11)
Pension costs less contributions payable	33	468	140
Adjustment for investing or financing activities			
Interest receivable		(4)	(2)
Interest payable		-	-
Net cash flow from operating activities		1,073	703
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	382
Interest receivable		4	2
Income from endowments	23	6	13
Payments made to acquire fixed assets	16	(19)	(140)
Payments made to acquire endowment assets	17	(117)	(251)
Proceeds from sale of endowment assets	17	108	242
Drawdown from endowments	23	-	-
		(18)	248
Cash flows from financing activities			
Interest paid		-	-
New secured loans		-	-
Repayments of amounts borrowed		-	-
		-	-
Increase / (decrease) in cash and cash equivalents in the year		1,055	951
Cash and cash equivalents at beginning of the year	24	3,072	2,121
Cash and cash equivalents at end of the year	24	4,127	3,072

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 2019 to 2020 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 2020. Intra-group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

Going Concern

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

The Trustees have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Directors are of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, 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.

Statement of accounting policies (continued)

Recognition of income

Revenue grant funding

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

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

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

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

Capital grant funding

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

Fee income

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

Investment income

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

Agency arrangements

The Organisation in some cases acts as an agent in the collection and payment of the discretionary support fund, Financial Contingency Fund (FCF). Related payments received from the WG and subsequent disbursements to students totalling £1k (2019: £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).

Statement of accounting policies (continued)

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

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

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

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

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

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

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

Statement of accounting policies (continued)

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.

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.

Statement of accounting policies (continued)

Equipment

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

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

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

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

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 which relate to 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.

Statement of accounting policies (continued)

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

Financial liabilities and equity

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

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

Foreign currency translation

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

Taxation

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

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

Provisions and contingent liabilities

Provisions are recognised when

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

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

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

Statement of accounting policies (continued)

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- ***Tangible fixed assets***

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

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 33, will impact on the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. 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	2020 £'000	2,019 £'000
2 Welsh Government (WG) Grants			
WG Mainstream Recurrent grant		5,861	5,864
WG Other Recurrent		1,004	366
WG release of capital grants	22	117	116
WG Maintenance, Digital, SOP & Capital funding		544	216
WG non recurrent grants (PDF, FCF)		43	60
Total		7,569	6,622
3 Tuition Fees and Education Contracts			
Education Contracts		40	40
Tuition Fees		294	406
Other fees including exam fees		3	19
Total		337	465
4 Other Grants and Contracts			
European Social Fund		-	43
Other Grants and Contracts		94	50
Total		94	93
5 Other Income			
Release of other government capital grants	22	-	-
Individual Subscriptions, Affiliations, Donations		2	2
Room rental		-	8
Other miscellaneous		7	10
Total		9	20
6 Branch income		14	16
7 Investment Income			
Interest receivable		4	2
Total		4	2
8 Net return on pension scheme	33	-	-
9 Donations		-	-

Notes to the accounts (continued)**10 Staff numbers and costs**

The average staff numbers (including key management personnel) employed by the Organisation in the year was:

	Note	Year ended 31 July 2020	Year ended 31 July 2019
Teaching & Learning departments		199	203
Teaching & Learning support services		11	8
Other support services		34	27
Administration and central services		34	35
General Education		1	1
Premises		2	2
Total average staff numbers		281	276

		2020 £'000	2019 £'000
Staff Costs for the above persons			
Wages and Salaries		3,962	3,797
Social security costs		309	289
Other pension costs	33	1,351	962
Payroll sub total		5,622	5,047
Contracted out staffing services		86	251
		5,708	5,298
Restructuring costs	Contractual	52	39
	Non-Contractual	24	69
Total Staff costs		5,784	5,406

The organisation has salary sacrifice arrangements in place for a Cycle Scheme.

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 2020.

Notes to the accounts (continued)

11 Key management personnel (continued)

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

	2020 No.	2019 No.
The number of key management personnel, Accounting Officer and other higher paid staff	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	
	2020 No.	2019 No.	2020 No.	2019 No.
£50,001 to £55,000 p.a.	2	2	-	-
£55,001 to £60,000 p.a.	-	-	-	-
£60,001 to £65,000 p.a.	-	-	-	-
£65,001 to £70,000 p.a.	-	-	-	-
£70,001 to £75,000 p.a.	-	-	-	-
£75,001 to £80,000 p.a.	-	1	-	-
£80,001 to £85,000 p.a.	1	-	-	-
	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>

Key management personnel compensation is made up as follows:

	2020 £'000	2019 £'000
Salaries - gross of salary sacrifice and waived emoluments	186	181
Benefits in kind	<u>-</u>	<u>-</u>
	186	181
Pension Contributions	<u>50</u>	<u>46</u>
Total key management personnel compensation	<u>236</u>	<u>227</u>

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)

	2020 £'000	2019 £'000
Salaries	81	79
Benefits in kind	-	-
	81	79
Pension Contributions	22	20

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 2019-20, 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:

	2020 £'000	2019 £'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	3.7	3.7

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

	2020 £'000	2019 £'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, three staff members (one resigned 26 November 2019) were the only Governors paid as employees of the Organisation during the year. All other Governors only received payment for reimbursement of travel and subsistence expenses incurred in the course of their duties.

Notes to the accounts (continued)

	Note	2020 £'000	2019 £'000
12 Other operating expenses			
Teaching costs		158	169
Non teaching costs:			
Teaching support services		183	179
Other support services		43	73
Administration and central services		528	536
General Education including Marketing & Promotional		78	102
Premises Costs		521	455
Consultancy		23	27
Branch Expenditure		18	3
Total		1,552	1,544

Other operating expenses include:

Auditors' Remuneration:

External audit	Financial	10	10
	Other	4	4
		14	14
Internal audit		9	9

13 Interest and other finance costs

		2020 £'000	2019 £'000
Net interest on defined pension liability	33	49	18
Interest on bank loans, overdrafts and other loans		-	-
Finance Leases		-	-
Total		49	18

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

	2020 £'000	2019 £'000
The Organisation's surplus / (deficit) for the year	466	68

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 2019	1,513	-	289	2,827	146	-	4,775
Additions	-	-	-	15	4	-	19
Disposals	-	-	-	-	-	-	-
At 31 July 2020	1,513	-	289	2,842	150	-	4,794
Depreciation							
At 1 August 2019	844	-	218	2,672	133	-	3,867
Charge for the year	37	-	42	89	8	-	176
Disposals	-	-	-	-	-	-	-
At 31 July 2019	881	-	260	2,761	141	-	4,043
Net Book Value at 31 July 2020	632	-	29	81	9	-	751
Net Book Value at 31 July 2019	669	-	71	155	13	-	908

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

17 Investments

	2020 £'000	2019 £'000
Endowment Assets		
Balance at 1 August	1,306	1,239
Purchases of assets	118	250
Sales of assets	(108)	(242)
Revaluation of endowment assets	-	-
Appreciation/(Depreciation) of endowment asset investments	(23)	54
Movement in cash balances	(4)	5
Balance at 31 July	1,289	1,306
Represented by:		
Equities, Bonds, Other	1,095	1,108
Cash and deposits	44	48
Land	150	150
	1,289	1,306

18 Trade and other receivables

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade receivables	66	99
Prepayments and accrued income	91	299
	157	398

Notes to the accounts (continued)

19	Creditors: amounts falling due within one year	2020 £'000	2019 £'000
	Notes		
	Trade payables	-	53
	Other taxation and social security	75	83
	Accruals - annual leave	123	90
	Accruals - other	577	717
	Deferred income - government capital grants	22 66	116
	Deferred income - government revenue	346	324
	Deferred income - other	176	189
	Total	1,363	1,572

20	Creditors: amounts falling due after one year		
	Deferred income - government capital grants	22 124	179
	Total	124	179

21	Provisions	Defined benefit obligations £'000	Enhanced pensions £'000	Total £'000
	At 1 August 2019	2,477	45	2,522
	Expenditure in the period	(615)	(10)	(625)
	Additions in the period	4,411	-	4,411
	At 31 July 2020	6,273	35	6,308

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 2019	295
	Additional funding received	12
	Released to income & expenditure account	(117)
	At 31 July 2020	190

Notes to the accounts (continued)

23 Endowments

	Period Ended 31 July 2020				
	Restricted	Unrestricted			Total
	Books, Prizes & Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes & Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2019 as previously stated	989	216	69	32	1,306
Depreciation of Endowment Investments	(23)	-	-	-	(23)
Investment Income for year	13	1	2	-	16
Draw down from Endowments	-	-	-	-	-
Investment Management Expenses	(8)	(1)	(1)	-	(10)
At 31 July 2020	971	216	70	32	1,289
Split of Endowments					
Endowments Investments	971	66	70	32	1,139
Endowments Fixed Assets	-	150	-	-	150
	971	216	70	32	1,289

The Fixed Asset Endowments of £150,000 above refer to land owned at Astor Fields, Harlech. This was gifted for use as a general asset of the Organisation. A further £168,000 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 £971,000 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 2019/20: none (2018/19: none) of this income was used to purchase such materials.

	Period Ended 31 July 2019				
	Restricted	Unrestricted			Total
	Books, Prizes and Learning Support Materials Fund £'000	Bursaries & Scholarships Fund £'000	Books, Prizes and Learning Support Materials Fund £'000	General Purposes Fund £'000	
At 1 August 2018 as previously stated	931	212	66	30	1,239
Appreciation of Endowment Investments	47	3	3	1	54
Investment Income for year	19	1	1	1	22
Draw down from Endowments	-	-	-	-	-
Investment Management Expenses	(8)	-	(1)	-	(9)
At 31 July 2019	989	216	69	32	1,306
Split of Endowments					
Endowments Investments	989	66	69	32	1,156
Endowments Fixed Assets	-	150	-	-	150
	989	216	69	32	1,306

Notes to the accounts (continued)

24	Cash and Cash Equivalents	1 August 2019 £'000	Cash flows £'000	31 July 2020 £'000
	Cash and cash equivalents	3,016	1,059	4,075
	Restricted Funds	10	-	10
	Endowment Asset investments	46	(4)	42
	Total	3,072	1,055	4,127

25	Cash and Cash Equivalents	Note	2020 £'000	2019 £'000
	Cash		1	-
	Co-op Bank accounts		-	-
	Handelsbanken bank accounts		2,636	1,782
	Branch Bank accounts		31	34
	Barclays Bank accounts		405	1,200
	Nationwide Building Society		1,002	-
			4,075	3,016
	Restricted Fund Accounts:			
	Keith Evans Fund Account		5	5
	Alwyn Evans Fund Account		5	5
	Dil Llewellyn Fund Account		-	-
	Total cash & cash equivalents		4,085	3,026

26	Movement on General Reserves		2020 £'000	2019 £'000
	Income & Expenditure Account Reserve			
	At 1 August		15	1,305
	Surplus for the year on continuing operations		466	68
	Transfer from/(to) branch reserves		4	(11)
	Gain on disposal of assets		-	156
	Actuarial gain/ (loss) in respect of pension scheme	33	(3,328)	(1,503)
			(2,843)	15
	Branch reserves			
	At 1 August		34	23
	Movement for year		(3)	11
			31	34
	Total general reserve		(2,812)	49
	Balance Represented by:			
	Pension Reserve (FRS 102 (28))	33	(6,273)	(2,477)
	Income and expenditure account reserve excluding pension reserve		3,461	2,526
	As at 31 July		(2,812)	49

Notes to the accounts (continued)

26 Restricted Reserves	2020	2019
	£'000	£'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

27 Revaluation Reserve	2020	2019
	£'000	£'000
At 1 August	-	-
Transfer from Revaluation Reserve to General Reserve in respect of Revaluation of assets	-	-
At 31 July	-	-

28 Capital Commitments

There were no capital commitments at year end.

29 Lease Obligations

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

Future minimum lease payments due	2020	2019
	£'000	£'000
Land and buildings		
Not later than one year	28	55
Later than one year and not later than five years	43	71
Later than five years	-	-
	71	126
Other		
Not later than one year	12	21
Later than one year and not later than five years	23	8
Later than five years	-	-
	35	29

30 Exceptional Items

There were no exceptional items during the year.

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 expenses paid to Governors during the year was £1,285; 21 Governors (2019: £6,408; 21 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 3 staff Governors (1 resigned 26 November 2019) received remuneration from the Organisation to the value of £57,586 (2019: 4 staff Governors; £60,886). No other Governor has received remuneration or waived payments from the Organisation during the year (2019: nil).

Neath & Port Talbot CBC - Councillor Sonia Reynolds was a Governor of the Organisation during the year. Sales transactions in the year amounted to £6,334 (2019: £4,770). There were no purchase transactions or balances outstanding at the year end (2019: nil).

Canolfan Maerdy - Councillor Sonia Reynolds was a Governor of the Organisation during the year and a Director of Canolfan Maerdy. There were no sales transactions during the year (2019: £30). There were no purchase transactions or balances outstanding at the year end (2019: nil).

Wales TUC Cymru - Julie Cook was a Governor of the Organisation during the year and employed by Wales TUC Cymru. Sales transactions in the year amounted to £117,380 (2019: £171,704). There were balances outstanding at the year end of £45,585 (2019: nil). Purchase transactions amounted to £3,150 (2019: nil).

Bridgend CBC - Guy Wallace Smith was a Governor of the Organisation during the year and employed by Bridgend CBC. Sales transactions amounted to £6,134 (2019: £1,428). There were no purchase transactions or balances outstanding at the year end (2019: nil).

Carmarthenshire CC - Suzanne Samuel was a Governor of the Organisation during the year and employed by Carmarthenshire CC. Sales transactions amounted to £550 (2019: £280). There were no purchase transactions or balances outstanding at the year end (2019: nil).

Open University - Daryl Leeworthy was a Governor of the Organisation during the year and employed by the Open University during the period Sept 2019 to Jan 2020. There were no sales transactions during the year (2019: £59,250). There were no purchase transactions or balances outstanding at the year end (2019: nil).

Swansea University - Daryl Leeworthy was a Governor of the Organisation during the year and employed by Swansea University from April 2020. There were no sales or purchase transactions during the year (2019: nil). There were no balances outstanding at the year end (2019: nil).

32 AMOUNTS DISBURSED AS AGENT

Learner Support Fund - Financial Contingency Fund (FCF)

	Year Ended 31 July 2020 £'000	Year Ended 31 July 2019 £'000
WG Grant for year	46	59
Interest earned	-	-
	46	59
Paid to third party *	24	49
Disbursed to students **	1	1
Other including administration costs	2	2
Balances unspent as at 31 July, including accrued income	19	7

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 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 2016 and of the LGPS 31 March 2016 also.

Total pension cost for the year	2020 £'000	2019 £'000
Teachers' Pension Scheme (TPS): contributions paid	241	155
Aviva Pension Scheme	-	-
Local Government Pension Scheme:		
Contributions paid Cardiff & Vale of Glamorgan (CVG)	471	452
Contributions paid Gwynedd (GC)	220	233
FRS 102 (28) charge Cardiff & Vale	251	99
FRS 102 (28) charge Gwynedd	<u>168</u>	<u>23</u>
Charge to the Statement of Comprehensive Income	1,110	806
Enhanced pension charge to Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>1,351</u>	<u>962</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2018/19: 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 the UK 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 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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 £240,641 (2019: £155,391).

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 contribution made for the year ended 31 July 2019 was £851,900 of which employer's contributions totalled £688,955 and employees' contributions totalled £162,945. The agreed contribution rates for future years are 28.9% for Cardiff & Vale of Glamorgan LGPS and 23.7% for Gwynedd LGPS for the Organisation and range from 5.5% to 12.5% for employees, depending on salary.

Due mainly to the exceptional circumstances linked to the Covid-19 pandemic, the net pension liability recognised on the balance sheet has increased to £6.3million at 31 July 2020 compared to £2.5million at 31 July 2019. This is due mainly to reduced yields on corporate bonds (upon which the discount rate is determined) and volatile investment returns linked to the pandemic.

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 2016 updated to 31 July 2020 by AON:

	At 31 July 2020	At 31 July 2019
	% pa	% pa
Discount rate	1.4	2.2
CPI Inflation	2.2	2.2
Pension Increase	2.2	2.2
Pension accounts revaluation rate	2.2	2.2
Salary increases	3.2	3.2

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 2020	At 31 July 2019
	years	years
Retiring today		
Male	22.2	22.1
Female	24.6	24.5
Retiring in 20 years		
Male	23.2	22.7
Female	26.0	25.6

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 2020 %	Value at 31 July 2019 %
Equities	61.1	64.9
Property	8.2	7.2
Government bonds	12.0	9.9
Corporate bonds	17.1	11.0
Cash	1.4	1.9
Other	0.2	5.1
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:

	2020 £'000	2019 £'000
Fair value of plan assets	7,050	6,627
Present value of plan liabilities	(10,632)	(7,433)
Net pensions (liability)/asset	(3,582)	(806)

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

Active members	78%
Deferred Pensioners	8%
Pensioners	14%

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	646	552
Past service costs	76	-
Total	722	552

Amounts included in Finance costs (Note 13)

Net interest on defined pension liability	12	(1)
Total	734	551

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	(280)	181
Liability gains/(losses) arising during the period	(2,233)	(720)
Total amount recognised in Other Comprehensive Income	(2,513)	(539)

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

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

	2020	2019
	£'000	£'000
Actual Return on Assets		
Interest income on plan assets	152	164
Gain / (loss) on assets	(280)	181
Actual return on assets	(128)	345
	2020	2019
	£'000	£'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	(806)	(169)
Movement in year:		
Current service costs	(646)	(552)
Past service costs	(76)	-
Employer contributions	471	453
Net interest on the defined (liability) / asset	(12)	1
Actuarial gain / (loss)	(2,513)	(539)
Net defined benefit (liability) / asset in scheme at 31 July	(3,582)	(806)
	2020	2019
	£'000	£'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	7,433	5,626
Current Service Cost	646	552
Interest expense on defined benefit obligation	164	163
Contributions by Scheme participants	110	111
Experience (gains) / losses on defined benefit obligations	2,233	720
Net Benefits paid out	(30)	261
Past Service Cost	76	-
Closing defined benefit obligation	10,632	7,433
	2020	2019
	£'000	£'000
Changes in the fair value of plan assets		
Opening fair value of plan assets	6,627	5,457
Interest income on plan assets	152	164
Remeasurement gains / (losses) on plan assets	(280)	181
Contributions by employer	471	453
Contributions by Scheme participants	110	111
Net benefits paid out	(30)	261
Closing fair value of plan assets	7,050	6,627

Deficit contributions

The Organisation has entered into an agreement with the Cardiff & Vale LGPS to make additional contributions of £22,700 (2019) and £23,400 (2020) in addition to normal funding levels. After a triennial valuation in March 2019 the contribution rate was increased to 28.9% with no additional deficit payments due for the next three years. This situation will be reviewed at the next valuation.

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by Hymans Robertson LLP:

	At 31 July 2020 % pa	At 31 July 2019 % pa
Discount Rate	1.4	2.1
Pension Increase Rate	2.2	2.4
Salary Increase Rate	2.5	2.4

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 2020 years	At 31 July 2019 years
<i>Retiring today</i>		
Male	21.3	22.0
Female	23.4	24.2
<i>Retiring in 20 years</i>		
Male	22.2	24.0
Female	25.1	26.4

Asset allocation and expected return on assets

	Value at 31 July 2020 %	Value at 31 July 2019 %
Equities	78	78
Property	9	8
Bonds	0	0
Cash	13	14
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:

	2020 £'000	2019 £'000
Fair value of plan assets	7,054	6,642
Present value of plan liabilities	(9,745)	(8,313)
Net pensions (liability)/asset	(2,691)	(1,671)

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	23%
Deferred Pensioners	38%
Pensioners	39%

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

	2020 £'000	2019 £'000
Amounts included in staff costs		
Current service cost	388	256
Past service costs	-	-
Total	388	256

Amounts included in Finance costs (Note 13)

Net interest on defined pension liability	37	19
Total	425	275

Amount recognised in Other Comprehensive Income

Asset gains/(losses) arising during the period	209	175
Liability gains/(losses) arising during the period	(1,024)	(1,139)
Total amount recognised in Other Comprehensive Income	(815)	(964)

	2020 £'000	2019 £'000
Actual Return on Assets		
Interest income on plan assets	140	180
Gain / (loss) on assets	209	175
Actual return on assets	349	355

	2020 £'000	2019 £'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit (liability) / asset in scheme at 1 August	(1,671)	(665)
Movement in year:		
Current service costs	(388)	(256)
Past service costs	-	-
Employer contributions	220	233
Net interest on the defined (liability) / asset	(37)	(19)
Actuarial gain / (loss)	(815)	(964)
Net defined benefit (liability) / asset in scheme at 31 July	(2,691)	(1,671)

Notes to the accounts (continued)

33 Pension and Similar Obligations (continued)

Local Government Pension Scheme - Gwynedd LGPS (continued)	2020 £'000	2019 £'000
Changes to the present value of the defined benefit obligation		
Opening defined benefit obligation	8,313	7,272
Current Service Cost	388	256
Past Service Cost	-	-
Interest expense on defined benefit obligation	177	199
Contributions by Scheme participants	51	46
Experience (gains) / losses on defined benefit obligations	1,024	1,139
Net Benefits paid out	(208)	(599)
Closing defined benefit obligation	9,745	8,313
	2020	2019
Changes in the fair value of plan assets	£'000	£'000
Opening fair value of plan assets	6,642	6,607
Interest income on plan assets	140	180
Remeasurement gains / (losses) on plan assets	209	175
Contributions by employer	220	233
Contributions by Scheme participants	51	46
Net benefits paid out	(208)	(599)
Closing fair value of plan assets	7,054	6,642

The Organisation has entered into an agreement with Cyngor Gwynedd Council to make additional contributions of £33,000 (2019) and £22,000 (2020) in addition to normal funding levels. After a triennial valuation in March 2019 the contribution rate was decreased to 23.7% with no additional deficit payments due for the next three years. This situation will be reviewed at the next valuation.

The figures disclosed within these accounts relating to the Cardiff & Vale and Gwynedd Local Government Pensions schemes reflect the impact of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 July 2020. The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption.

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the Consumer Price Index (CPI). If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

