

WJEC CBAC LIMITED

Registered Number: 03150875

Charity Number: 1073332

A Company Limited by Guarantee

ANNUAL REPORT OF DIRECTORS AND TRUSTEES

AND

GROUP ACCOUNTS

For the Year Ended 30 September 2023

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WJEC CBAC LIMITED OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES AND OFFICERS

Ms J P Moonan (Chair)
Ms J Leigh Jones (Vice Chair)
Cllr. M Groucutt
Dr M L James
Cllr. A R Lockyer
Mr I Morgan
Mr K P O'Leary
Mr R J Pendlebury
Cllr. E Thomas
Cllr. C R Williams

COMPANY SECRETARY

Ms C M Lewis

PRINCIPAL OFFICERS – KEY MANAGEMENT PERSONNEL

Ian Morgan – Chief Executive
Ian Edwards – Director of Operations
Steffan Edwards – Business Development Director
Beverley Green – Head of Human Resources
Richard Harry - Director of Qualifications, Assessment & Responsible Officer
Ben Newby – Chief Digital Officer
Abigail Williams – Director of Finance

BANKERS

Barclays Bank PLC
5 Callaghan Square
Cardiff
CF10 5BT

SOLICITORS

Geldards LLP	Mills & Reeve LLP
Dumfries House	78 – 84 Colmore Row
Dumfries Place	Birmingham
Cardiff	B3 2AB
CF10 3ZF	

AUDITOR

Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT
United Kingdom

INVESTMENT CONSULTANT

Jagger and Associates
Ground Floor
14 Exchange Quay
Manchester
M5 3EQ

FUND MANAGER

Barings	Legal & General
155 Bishopsgate	PO Box 6080
London	Wolverhampton
EC2M 3XY	WV1 9RB

REGISTERED OFFICE AND PRINCIPAL OFFICE

245 Western Avenue
Llandaff
Cardiff
CF5 2YX

WJEC CBAC LIMITED LEGAL AND ADMINISTRATIVE INFORMATION

REGISTERED NAME:	WJEC CBAC LIMITED
REGISTERED CHARITY NUMBER:	1073332
REGISTERED COMPANY NUMBER:	03150875

STATUS

WJEC CBAC Limited is a registered charity and a company limited by guarantee and is governed by its memorandum and articles. The guarantors are the 22 local authorities in Wales and the guarantee of each member is limited to £1. The Charity is controlled by the 22 local authorities in Wales.

The company assumed the responsibilities and activities of the former Welsh Joint Education Committee in relation to qualifications, educational resources and National Youth Arts and inherited the assets and liabilities of that former organisation on 1 April 1996. The company became a registered charity on 15 January 1999. On 1 October 2017, WJEC CBAC Limited transferred its National Youth Arts activity to a new and unconnected company, National Youth Arts Wales Limited.

GROUP STRUCTURE

The Charity has one subsidiary, WJEC CBAC (Services) Limited ("the subsidiary"), registered office 245 Western Avenue, Llandaff, Cardiff, CF5 2YX.

WJEC CBAC (Services) Limited

The subsidiary was established in 1996, prior to the registration of WJEC CBAC Limited as a charity, to provide specialist printing and publication services to support the Charity's core functions. Three members of WJEC's Executive Leadership Team are appointed as Directors of the subsidiary.

The financial performance of the subsidiary will be kept under review with the objective of ensuring its ongoing profitable operating performance.

BOARD OF DIRECTORS AND TRUSTEES

The trustees of the Charity are also the directors of the company for the purposes of the Companies Act.

At the end of the reporting period, the Board of Directors comprised three Directors appointed on behalf of the local authorities along with five non-Executive Directors who are appointed through an open public route. At the date of signing the accounts, one additional Director appointed through an open public route had been appointed.

Chair of Board -	Ms J P Moonan
Vice-Chair of Board -	Ms J Leigh Jones
Company Secretary -	Ms C M Lewis

WJEC CBAC LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION - Continued

BOARD OF DIRECTORS AND COMMITTEE MEMBERSHIP

This table shows the Board of Directors and Trustees during the year and up to the date of signing these accounts. Current members of the Board of Directors are shown in bold type.

	Board of directors for WJEC CBAC Limited	Audit Committee	Remuneration Committee	Nominations Committee
Cllr M Groucutt see note (a)	✓	✓		
Dr M L James	✓	✓		
Ms J Leigh Jones	VC		C	✓
Cllr A R Lockyer see note (c)	✓	✓		
Ms J P Moonan	C		✓	C
Mr I Morgan see note (b)	✓			✓
Mr K P O'Leary see notes (c) and (f)	✓	C		
Mr R J Pendlebury	✓	✓	✓	
Cllr E Thomas	✓		✓	
Mr C R Williams see notes (d) and (e)	✓	✓		✓

C = Chair at date of signing the accounts

✓ = Member

VC = Vice Chair at date of signing the accounts

Notes:

- a) On 14 August 2023 Cllr. M Groucutt was appointed a Director of WJEC CBAC Limited. Cllr. M Groucutt also became a member of the Audit Committee.
- b) On 9 December 2022 Mr I Morgan was appointed a Director of WJEC CBAC Limited.
- c) On 19 October 2023 Mr K P O'Leary became the Chair of the Audit Committee, with Cllr A R Lockyer remaining as a member of the Committee.
- d) On 19 October 2023 Mr C R Williams became a member of the Nominations Committee.
- e) The Board of Directors approved Mr C R Williams' appointment for a second 3 year term, this time as an independent Board member following his decision to step down from his role as a Councillor.
- f) On 22 September 2023 Mr K P O'Leary became a member of WJEC CBAC Limited's Investment Committee. The Membership of the Committee comprises Mr K P O'Leary, Mr I Morgan and WJEC CBAC Limited's Director of Finance, with attendance and support from other staff as required.
- g) During the reporting period, Mr G Briscoe served as a co-opted member of the Audit Committee until 22 September 2023.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

EXECUTIVE LEADERSHIP TEAM (ELT)

WJEC CBAC Limited and its subsidiary are executively managed by a senior leadership team. ELT are also the key management personnel, as detailed on page 1. The table shows the persons active during the reporting period.

Designation	Name
Chief Executive	Ian Morgan
Director of Assessment Delivery & Responsible Officer	Elaine Carlile (until 31 December 2022, Responsible Officer to 30 November 2022)
Director of Qualifications, Assessment & Responsible Officer	Richard Harry (from 1 December 2022)
Director of Operations	Ian Edwards
Head of Human Resources	Beverley Green
Chief Digital Officer	Ben Newby
Business Development Director	Steffan Edwards
Director of Finance	Abigail Williams

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2023
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The Trustees, who are also directors of the charitable company, present their annual report (including the Strategic Report) on the affairs of the Charity and the group, together with the financial statements and auditor's report for the year ended 30 September 2023.

All reference and administration information for WJEC CBAC Limited can be found on pages 1-4, along with information on the Charity's structure and management.

CORPORATE GOVERNANCE AND MANAGEMENT

Board of Directors and Committee Structure, Purpose and Attendance

At the start of the reporting period, the Board of Directors and Trustees comprised three Directors appointed by the Welsh Local Government Association to represent the Local Authorities and five independent directors appointed through an open public route. Following Charity Commission approval of revised Articles of Association on 6 July 2016 and their formal adoption on 4 November 2016, resulting from special resolution at the Annual General Meeting (AGM), WJEC CBAC Limited may appoint up to nine directors through an open public route.

The Board is responsible for the administration of the Charity, setting the strategic direction, determining the risk appetite, overseeing the delivery of its charitable objects and influencing the culture and operational management of the organisation. The Board regularly reviews its terms of reference and those of its committees, to ensure that they accurately reflect their purpose, duties and responsibilities and continue to meet the needs of the Charity. The Board met five times during the year ended 30 September 2023.

The Audit Committee is responsible for providing independent oversight and scrutiny of the strategic and operational management of the Charity. One of its key duties is to review the annual accounts and financial statements before their submission to Board for approval. It is also charged with planning and monitoring the work of internal audit, considering the appointment of the internal and external auditors and reviewing the findings of internal and external audit. At the date of signing these accounts, the Committee comprises five trustees and also has one co-opted member. Both the external and internal auditors have the right to attend Committee meetings at the invitation of the Committee Chair. The Committee met twice times during the reporting period.

The Nominations Committee oversees the recruitment, selection and appointment of all Directors and senior management. The Committee comprises three Directors, which are the Chair and Vice Chairs of the Board of Directors. The Committee met three times during the reporting period.

The Remuneration Committee is responsible for the development, appraisal, oversight and implementation of the remuneration strategy and policy. The Remuneration Committee is also responsible for overseeing the implementation of the remuneration policy for the Executive Leadership Team (ELT). The aggregated emoluments for ELT, who are the key management personnel, are outlined in note 11. The Committee currently comprises four trustees. The Committee met twice times during the reporting period.

During the period ended 30 September 2023, the Board of Directors and Committee membership is as noted on page 3.

Director Recruitment, Appointment and Induction

The Board has delegated the responsibility for overseeing the process of recruiting and appointing Directors through an open public route to the Nominations Committee. The nature of each appointment is determined with reference to an agreed job description, with consideration given to the diversity of the current Board membership and any emerging future requirements. Appointments are subject to a rigorous interview process with recommendations made to the Board for approval.

On appointment, each Director is required to undertake a mandatory formal induction and is provided with an induction pack. The pack includes key information such as the Memorandum and Articles of Association of the company, a summary of their legal obligations as a Director and Trustee, most recent annual report and financial statements and the most recent financial plan. They are also required to meet the statutory obligations that relate to taking office as a Director of a Company and as a Charity Trustee.

Following on from the formal induction process, WJEC CBAC Limited ensures that Directors are given the opportunity of refresher training as and when required. During the reporting period, Directors were invited to attend a training session on their legal obligations as a Director and Trustee. Directors are also invited to attend the biannual Leadership Conference.

The Company Secretary is responsible for registering the new Directors with both Companies House and the Charity Commission. The Company Secretary also maintains a Register of Interests and all Directors upon

appointment and annually whilst holding office are required to disclose any conflict of interests and sign up to the Conflict of Interest policy.

The Nominations Committee also oversees Director nominations to Committees. A number of factors are considered by the panel when making committee nomination recommendations to the Board, including Board attendance, contribution made at meetings, the register of interests, gender balance, equality and diversity, and the skills and experience each member can bring to the work of the committee.

Risk Management and Assurance

In discharging its charitable and company responsibilities, the Board of Directors annually reviews the Charity's approach to risk management and assurance, including its Risk Policy. Additionally, the Audit Committee regularly receives and reviews the Corporate Risk Register, which highlights the cause and potential effect of major risks to which the Charity is exposed, together with any controls or contingency to ensure risk is managed appropriately. Risk is reviewed and managed at various levels throughout the organisation, including at project, programme and ELT level, with the organisation possessing the necessary control framework to effectively appraise and respond to the internal and external environment.

The principal risks and uncertainties, as identified by Charity Trustees, include the demands of the regulatory environment and the risk of a cyber-attack. The strategies for managing these risks are based on sustained engagement with regulators in Wales and England on current and forward-looking issues and detailed tracking of compliance and continuous monitoring processes and malware defences technical measures.

Risks that directly link to the development of the organisation's strategy are also closely managed and monitored.

Financial Risk Management

WJEC CBAC Limited manages its financial risk in accordance with the strategic direction set by the Board of Directors and in relation to its financial regulations and procedures, risk policy, reserves policy and an approach to fund management agreed by the Board.

WJEC CBAC Limited's exposure to price risk (the risk of decline in the value of a security) has been considered and limited by investing a proportion of its reserves as appropriate in low risk and ethical investments. As only a portion of the Charity's reserves are invested, this limits the impact of any short term decline in the value of investments. In addition, the appraisal of investment performance, which include regular independent market updates by an investment specialist, and oversight by an Investment Committee, provide the Charity with an acceptable level of assurance.

Credit risk is closely monitored and controlled by virtue of a structured credit control routine, with established procedures for escalation, set against standard payment terms and monthly review of aged debt. WJEC CBAC Limited has a customer base of schools, colleges and educational centres that are predominantly government funded, which also affords the Charity inherently less risk of bad and doubtful debt.

A strong reserve position coupled with a predictable cyclical cash flow pattern and unrestricted access to managed funds means that WJEC CBAC Limited can meet its financial obligations, including those that arise in the short term. Working capital management is incorporated into the Charity's financial planning, monitoring and forecasting activity and this activity allows the Charity to manage working capital requirements. Liquidity and cash flow risk are, therefore, minimised.

Welsh Language

In the context of the Welsh Government's policy emphasis on increasing the number of speakers of the Welsh language to 1 million by the year 2050, WJEC CBAC Limited has a strategic role to play in several developmental and delivery contexts. We are involved with Qualifications Wales in exploratory work relating to the concept of developing a "continuum" of language skills learning spanning what are currently separately labelled as "Welsh" and "Welsh Second Language" routes at GCSE.

WJEC CBAC Limited is also funded by the Welsh Government as a provider of Welsh for Adults qualifications, this suite of provision being aligned with the principles that are championed by the Association of Language Testers in Europe (ALTE), of which WJEC CBAC Limited is a member.

Through a partnership with Coleg Cymraeg Cenedlaethol, WJEC CBAC Limited provides a Welsh language skills certificate for students within the higher education sector, "Tystysgrif Sgiliau Iaith", complementing the qualification that used to be known for a number of years as "Yr Iaith ar Waith", but has been revised and changed to "Llwybrau Cymraeg Gwaith" that is taken mainly by post-16 learners in vocational settings.

There is a substantial contextual emphasis on the Welsh language in the workplace in relation to the Health & Social Care and Child Care vocational qualifications that have been developed in partnership with City & Guilds. This provides further opportunities for WJEC CBAC Limited to undertake leading work, alongside the strategic partners in this development (Social Care Wales and NHS Wales) and key stakeholders that also place a strong emphasis on the Welsh language, especially Mudiad Meithrin and Colegau Cymru.

WJEC CBAC Limited is committed to promoting and supporting a bilingual education system, including working with Canolfan Bedwyr, Bangor University's Centre for Welsh Language Services, Research and Technology, to consistently use standardised terminology across Welsh medium assessments and resources. We are also continuously looking to improve methods of working with publishers of resources and securing sufficient bilingual skills in all teams. This is also demonstrated through working with the Welsh Language Commissioner in relation to the Welsh Language Scheme and delivering bilingual services.

OBJECTIVES OF THE CHARITY

Mission Statement

The Charity's purpose is to support our education communities by providing trusted qualifications and specialist support, to allow our learners the opportunity to reach their full potential.

Corporate Objectives

The Company is established for the following objects:

- to maintain, develop and deliver appropriate systems for the assessment and examination of students of all ages and of all disciplines at schools, colleges and other institutions in Wales and elsewhere;
- to provide training and curriculum and management support for local authorities, schools, colleges and other charitable institutions in Wales and elsewhere;
- to promote, support and advance the development of the Welsh language and culture in Wales and elsewhere, including through the provision of educational resources and professional development activities for teachers and lecturers;
- to promote, support and advance the development of Youth Arts in Wales; and
- the advancement of education and training in Wales and elsewhere.

STRATEGIC REPORT - REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

In planning the activities for the year and in setting the objectives for the future, the Trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging, as per Section 4 of the Charities Act 2011.

WJEC CBAC Limited offers a strong portfolio of qualifications in both Wales and England. In Wales, WJEC CBAC Limited is the sole provider of the GCSE (A*-G grades) and GCE (AS/A2 coupled) subject specifications. In relation to vocational qualifications in Wales, WJEC CBAC Limited, in conjunction with our consortium partner City and Guilds, are contracted by Qualifications Wales to deliver a suite of Health and Social Care and Childcare qualifications. In addition, WJEC CBAC Limited has also been contracted by Qualifications Wales to develop, deliver and award a new qualification called the "Advanced Skills Baccalaureate Wales" qualification. This is a level 3 qualification, available from September 2023, which replaces the Advanced Skills Challenge Certificate (Welsh Baccalaureate).

During the reporting period, WJEC CBAC Limited awarded approximately 85,042 A Levels (2022 – 87,137), a decrease of 2.4%; AS awards were approximately 49,382 (2022 – 47,012), an increase of 5.0%; GCSE subject awards increased by 1.7% on the previous year with a total award of approximately 675,906 GCSEs (2022 – 664,344).

In respect of the Welsh Baccalaureate qualifications, 38,618 learners completed the Welsh Baccalaureate Skills Challenge Certificate in 2023, a broadly similar number of learners compared to 2022 (38,919).

WJEC CBAC Limited will continue to place emphasis on the accessibility of advice and resources which support our qualifications, working in accordance with the general "conditions of recognition" and continues to invest in the production of educational resources to support qualifications. The Charity's commitment to supporting schools and colleges is underpinned by an extensive range of Professional Learning courses for practitioners.

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2023 - Continued
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During the reporting period, approximately 200 face-to-face events were held in the Autumn and early Spring term. These face-to-face events were supplemented by 250 online events. Approximately 12,500 delegates are reached annually through the professional learning programme.

WJEC CBAC Limited remains focussed on ensuring that its operating model, through a range of corporate priorities, is adapted to meet the needs of future challenges. There is significant focus on organisational agility, linked to the provision of customer centric, high quality services that is underpinned by a programme of operational, digital and people development. Significant stakeholder engagement provides the evidence base to support this key aspect of our work.

The extended and improved use of technology to support the organisation continues to be a priority which is recognised by the continued investment in the transformation of key business systems. Over the past 12 months we have implemented a range of new technology with underlying business processes benefitting from increased innovation supported by a culture of continuous improvement. We continue to refine our strategic digital plan aligned to our priorities.

The work around managing our relationships with examiners and our external customers (schools, colleges, teachers and learners) can be further evidenced through continued delivery of our new Appointees Management Portal (AMP2), building additional functionality to support an increased range of interactions and processes across the business. We have progressed a number of projects, such as modernisation of our exam processing systems and also delivered phases of others such as the replacement to our centre facing secure website (Portal). This work has been complemented by continued development and support of existing systems to ensure that WJEC CBAC Limited is able to meet its awarding obligations as well as utilising existing technologies in more cost-effective ways. In 2023-24 we continued to ensure delivery through improved management information on our Business Intelligence dashboard platform and have created a new business function to support this capability.

We have continued to implement new ways of working which and supporting home-working, benefitting from 'cloud based' services and making WJEC more resilient, efficient and environmentally positive. This has included the permanent shift to predominantly 'remote conferencing' with Appointees which has been well received.

Other key areas of activity relate to Cyber Security and ensuring that the organisation has an appropriate cyber security stance. In addition to Cyber Essentials WJEC CBAC Limited has now been externally accredited in ISO27001, widely considered the gold standard on Information Security. This framework ensures technical, process and cultural cyber security controls are in place and effective.

WJEC bursary scheme in honour of our former Chief Executive, Gareth Pierce continues to support undergraduate students studying Mathematics through the medium of Welsh. The scheme supports up to 3 students annually with a one-off sum of £3,000. It is administered through the support of Coleg Cymraeg Cenedlaethol.

Section 172(1) statement

Section 172 of the Companies Act requires that a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In performing their duties under section 172, the directors of WJEC CBAC Limited have had regard to the matters set out in section 172(1) as follows:

The directors' approach

When making decisions, in addition to the factors set out under section 172, the Charity also has regard to other factors which are deemed to be relevant, including regulatory requirements and its relationship with Qualifications Wales and Ofqual and Government policies.

The authority for day-to day management of the Company has been delegated to the ELT, with the Board of Directors, including the committees of the Board overseeing the operations of management and the execution of business strategy. Board and Committee meetings are held regularly, and as part of those meetings, directors receive information from ELT on a range of matters. Through these reports, the Board monitors that ELT is acting in accordance with its agreed strategy and the long-term interests of key stakeholders.

The Board has a clear framework for determining the matters within its remit and has approved Terms of Reference for the matters delegated to its Committees. In addition, the company's Financial Regulations set out the financial thresholds that have been determined to identify matters of a financial nature requiring Board approval.

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2023 - Continued
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The ELT provides executive and operational management for the organisation, delivering the strategic objectives set by the Board of Directors in pursuing the mission and charitable purpose. ELT generally meets for an extended meeting once per month, with supplementary meetings weekly as required. The membership of ELT is as noted on page 4.

WJEC CBAC Limited manages and reviews qualifications related activity via three main groups, being the Qualifications Development Management Group, Assessment Management Group and the Products Management Group. These groups, which report to ELT, along with supporting sub-groups, ensure that WJEC CBAC Limited remains on target to meet its objectives in relation to providing qualifications, assessments and educational resources for the future.

Maintaining our licence to operate

Directors ensure that the organisation continues to maintain its licence to operate with reference to the following matters set out in section 172 (1)(a) to (f):

- a) the likely consequences of any decision in the long term

Through the consideration and discussion of regular reports which are distributed in advance of Board and committee meetings and through the presentations made by ELT at these meetings, the Board monitors that ELT is acting in accordance with its agreed strategy and the long-term interests of key stakeholders.

- b) the interests of the company's employees

Consultation and communication with employees and their representatives is undertaken through various means, including:

- formal and informal meetings with Unison, as the recognised trade union;
- engagement with Unison on remuneration matters and annual pay awards;
- undertaking an Annual Employee Engagement survey;
- undertaking various surveys throughout the year that measure engagement and appetite for change;
- specific working groups and focus groups.

In addition, WJEC's Learning and Development Strategy outlines the strategic approach to investing in staff development and supports the Leadership and Management Competency framework and WJEC's Performance Management Review process.

Further details can be found within the "Employee Involvement and Equal Opportunities" section of this report.

- c) the need to foster the company's business relationships with suppliers, customers and others

WJEC interacts with a variety of external stakeholders. Engagement with key stakeholders includes regular meetings of its Wales Advisory Group and England Advisory Group which provide a direct means for stakeholders to advise on qualification and resource development and to provide feedback and gain insights in relation to our range of services.

- d) the impact of the company's operations on the community and the environment

The impact of WJEC's operations on the environment is managed through WJEC's Environmental, Health and Safety (EHS) governance structure, and the EHS systems in operation are audited against the BS8555 Environmental system. Further information can be found under the "Health and Safety" section of this report.

WJEC is committed to supporting its learners, and has a section on its public facing website dedicated to this. In addition to signposting learners to a range of useful information directly linked to WJEC's operations, the pages also include tips for learners, practical advice and wellbeing support. WJEC CBAC Limited also has an Instagram account specifically aimed at supporting learners.

- e) the desirability of the company maintaining a reputation for high standards of business conduct

WJEC operates with reference to five core values, which demonstrate the behaviours that are vitally important to the company, defines expectation for day-to-day employee behaviour, and provides a framework for decision-making. WJEC's values are:

- Commitment to the Customer
- Innovation

- Fairness
- Valuing People
- Team Working.

In addition, the Leadership and Management Competency Framework supports the organisation transformation, our hybrid way of working and the aims of the HR Strategy and provides a clear link between individual performance and organisational performance.

WJEC CBAC Limited, in discharging its awarding organisation responsibility to regulators in Wales, England and Northern Ireland, provides an annual statement of compliance to each regulator. As was the case, the statement was required across all three regulators. Ofqual also required additional information regarding three key lines of enquiry regarding organisational stability, preventing and managing malpractice and maladministration and capability and capacity to develop and maintain qualifications.

f) the need to act fairly as between members of the company

The directors recognise that acting fairly in the interests of stakeholders is vitally important in maintaining stakeholder confidence, whilst also being conscious that it does not necessarily follow that every decision will result in a positive outcome for all stakeholders. The Charity's purpose, its charitable objects, vision and values are therefore key considerations when making decisions to ensure that these decisions are made in line with the strategic priorities of WJEC, and provide the best overall outcome for WJEC and its stakeholders as a collective.

Key decisions in the year

WJEC operates as an awarding organisation with reference to its regulators – Qualifications Wales, Ofqual and CCEA, and in accordance with policy set by governments.

Some examples of how WJEC has had regard to the matters set out in section 172 (1)(a) - (f) when discharging section 172 duties are as follows:

During the reporting period, and following previous agreement by the Board and the Executive Leadership Team to address and reduce its emission, WJEC CBAC Limited continued to focus on sustainability, with key activities being to review and verify most recent emissions data and comparing this to the 2018/19 baseline, determining the appropriate governance structure to manage and oversee the activities, and the continued development of a green action plan.

Also, during the reporting period, WJEC continued to make key decisions around the use of its two sites and continued to manage risks around contractual, EHS, building occupancy and management of service implications. In making decisions, the company considered foremost the health, safety and wellbeing of its employees and the ability to operate and deliver its services to customers and stakeholders.

WJEC's Financial Regulations states that the Investment Committee is responsible for developing and managing all aspects of Investment Strategy and Policy within a strategy and risk framework established by the Board. The Investment Committee's Terms of References states that the Investment Committee shall meet at least twice a year, and otherwise as required. The Investment Committee met in October and November 2022, following the impacts of the mini-budget on financial markets in late September 2022. The Investment Committee was convened more frequently to consider whether its response to its investments was appropriate, given the instability in the financial markets.

Measuring Performance

WJEC CBAC Limited considers its key measures of performance in relation to its key objectives of: maintaining regulatory relationships; continuing to be able to offer a breadth of high quality accredited qualifications to the public and to deliver a quality service to educational centres and learners through the effective delivery of assessments, educational materials and learning tools and the provision of continuing professional development for teachers; and building sufficient reserves to maintain investment in qualification development, educational resources and systems and to buffer uncertainty associated with a changing qualifications market.

In evaluating performance indicators relating to the reporting period, WJEC CBAC Limited has continued to engage with the Regulators through involvement in oversight activities for general and vocational qualifications, engagement in series readiness and delivery discussions on a bilateral basis, and submission of the annual Statement of Compliance. At the date of signing these accounts, WJEC CBAC Limited has had no "special conditions" imposed by the regulator. WJEC CBAC Limited regularly reviews data relating to the quality and

delivery of assessments and measures outputs relating to educational support and continuing professional development.

In addition to the standard five-year budget planning and monthly budget monitoring, WJEC CBAC Limited has scrutinised, reviewed and amended its in-year budget in line with forecast change and evaluated its performance to effectively manage the annual surplus contribution to reserves.

STRATEGIC REPORT – FINANCIAL REVIEW

Financial Performance

The group statement of financial activities for the year is set out on page 19. The Charity's income has increased from £55.5m to £56.4m, an increase of 1.6%. The net increase in funds for the year, prior to adjusting for the effect of the defined benefit pension scheme, is £4.84m, compared to last year's increase of £3.81m. A favourable actuarial adjustment of £10.22m, relating to market changes affecting the current value of pensions, results in a net increase in funds of £15.06m. The principle funding sources are fees receivable for the provision of examination, testing and contract services.

The Charity contributes to the Rhondda Cynon Taf Local Government pension scheme, which is a defined benefit scheme. The application of accounting principles in relation to defined benefit schemes resulted in the disclosure of a pension asset for the Charity in 2022, reversing the net liabilities position reported for many years. The 2023 valuation has increased the value of this pension asset further, to £36.98m. WJEC CBAC Limited monitors pension activity through its Remuneration Committee and this, together with a five-year budget planning process focused around maintaining a strong reserves position, ensures that any pension liability is managed.

The subsidiary, WJEC CBAC (Services) Limited, made a profit for the year before Gift Aid and taxation of £400k (2022 – profit of £422k). As a result of the difficult trading conditions experienced throughout 2020 and 2021 as a result of the Covid-19 pandemic, no Gift Aid payments will be made to the parent company in respect of the financial year ended 30 September 2023 (£nil in respect of the financial year ended 30 September 2022).

Reserves

The Charity's policy on restricted reserves is to separately record income, including through grants, agreements and donations, where restrictions are imposed that are narrower than the Charity's overall objectives. The majority of these incoming resources have been utilised in the year for their intended purpose.

The Directors have a policy whereby the unrestricted funds ("the free reserves") held by the Charity are established with reference to the following assessment of needs: (i) to ensure capacity for investment in products and services in a competitive market where changes in requirements can occur quickly; (ii) to fulfil a social obligation to ensure that it will have available sufficient financial resources and facilities to enable it to develop, deliver and award qualifications in accordance with its conditions of recognition until at least the time by which every learner for a qualification it makes available has had the opportunity to complete that qualification, including in situations in which the flow of income from centres is delayed.

Total funds were £102.2m at 30 September 2023, of which £0.6m were restricted, resulting in unrestricted funds of £101.6m. The defined benefit pension scheme is now valued as a significant balance sheet asset, and the unrestricted funds excluding the pension scheme asset stands at £64.6m as at 30 September 2023. The appropriateness of the level of reserves held is considered as part of the setting of the 5 year financial plan, ensuring that the level of reserves during the 5 year cycle is able to support the planned future investments in products, services and infrastructure, whilst still sufficient to ensure resources remain available for general application in the foreseeable future. The Trustees are satisfied that WJEC CBAC Limited has sufficient reserves for these purposes, including securing the viability of the Charity beyond the immediate future and be able to take advantage of opportunity and change as well as absorbing setbacks.

Investments

The investments of the Charity are managed according to the powers defined within its constitution and within parameters set by the Board of Directors. An Investment Committee has been established in order to support the Board of Directors in managing the investments of the Charity. The Committee has delegated responsibility for developing and managing all aspects of Investment Strategy and Policy within the strategy and risk framework established by the Board.

A proportion of the Charity reserves is invested on a medium-term basis under fund management, with a low risk and ethical profile. During the reporting period, funds were held with a fund manager appointed as a result of a rigorous selection process undertaken by WJEC CBAC Limited in 2016. In addition, the Charity held investment in a short-term bond.

During the reporting period, the combined funds generated a net loss on investment amounting to £22k (2022 – net loss of £277k). Although the last two reporting periods have generated a net loss on investments, the cumulative result since WJEC CBAC Limited established its investment strategy has been a net gain.

The independent investment consultant appraises the quarterly report of each fund manager and provides guidance and support to the Investment Committee as required.

Changes in Fixed Assets

The movements in fixed assets during the year are set out in notes 13 and 14. Whilst the tangible fixed assets net book value has fallen slightly, the intangibles value has increased due to the ongoing capital investment in our internal systems.

Going Concern

The Trustees have assessed the Charity's ability to continue as a going concern. The Trustees have considered several factors in forming their conclusions as to whether the use of the going concern basis is appropriate in preparing these financial statements, including cash resources, liquidity and demand for services and the Trustees have considered the updated budget and five-year plan covering the period to September 2029.

The organisation has considerable financial resources together with certain agreed government funding. As a consequence, the Trustees believe that the organisation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Trustees have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future and are satisfied that the Charity can continue as a going concern. The Trustees have therefore concluded that it is appropriate to use the going concern basis of preparation for the financial statements for the year ended 30 September 2023.

STRATEGIC REPORT - PRINCIPAL CHANGES AND UNCERTAINTIES

Welsh Government introduced a new curriculum for Wales for all learners aged 3 to 16 from September 2022. The process for re-developing qualifications aged 14-16 to meet the needs of the new curriculum is underway, with new GCSE qualifications being taught for the first time in September 2025. WJEC CBAC Limited is actively engaged in the development of the new qualifications in line with current timelines.

DIRECTORS AND THEIR INTERESTS

The Director roles for WJEC CBAC Limited and WJEC CBAC (Services) Limited for the reporting period have been un-remunerated. During the reporting period, 2 of the Directors have received a total of £466 in reimbursed travel and subsistence expenses. This equates to an average of £233 per Director who received any reimbursement.

All WJEC CBAC Limited and WJEC CBAC (Services) Limited Directors are indemnified in accordance with the group insurance for group Directors' and Officers' liability.

RELATED PARTIES

The guarantors of WJEC CBAC Limited are the 22 local authorities in Wales, which also nominate six of the directors and trustees in office. These authorities were historically charged directly for services in respect of the Shared Services Agreement which relates to Educational Resources (the Welsh-language Teaching and Learning Resources Scheme) and Youth Arts (see note 24 to the accounts), and one debt remains outstanding.

HEALTH AND SAFETY

Since the Charity is committed to excellence in all its services, it follows that minimising risk to people and its assets is inseparable from all other Charity objectives.

The Charity is committed to pursuing progressive improvements in health and safety requirements with legal requirements defining the minimum level of achievement. It is therefore the Charity's objective, so far as is reasonably practicable, to ensure that responsibilities for health and safety are properly defined, assigned, accepted and fulfilled at all levels of the organisation and that all practicable steps are taken to safeguard the health, safety and welfare of all employees, visitors and contractors to the Charity and of all operations under the Charity's control.

WJEC CBAC LIMITED
REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2023 -
Continued

Arrangements are in place to manage the Environmental, Health and Safety (EHS) commitments and requirements of the organisation through local EHS meetings and an EHS Committee. Governance arrangements for Board level review of EHS performance is also in place. The health and safety 'status' of the organisation is monitored through a number of proactive and reactive key performance indicators that are reviewed throughout the meeting structures. A new Environmental and Sustainability Oversight Group (ESOG) has been established to monitor the effectiveness of the development and implementation of the decarbonisation plan to minimise WJECs carbon emissions. The group will through KPI monitoring, be an escalation point for our carbon reduction plan and consider any investment decisions which positively impact our carbon emissions. The group contains representatives from across the Directorate structures and will also support our approach to social responsibility through consideration of our ESG commitments.

During the reporting period, the Environmental Health and Safety systems applied by WJEC CBAC Limited and WJEC CBAC (Services) Limited have been externally audited against the BS8555 Environmental system. The Trefforest site successfully implemented and reaccredited against the level 4 criteria, whilst the Western Avenue site was reaccredited at level 3.

Post Covid-19 operational activity has resumed with all functions working flexibly from remote and site-based locations. Hybrid working has become embedded in WJECs working pattern where possible and where the functionality of the team allows. Our focus on managing the health and safety of all of hybrid working colleagues is at the forefront of our risk assessments and support activity to ensure that regardless of working location, our colleagues are equipped and trained to interact with our technology and people focussed policies.

ENERGY AND EMISSIONS

WJEC CBAC Limited and WJEC CBAC (Services) Limited's energy and emissions for the reporting period are as follows:

	Year ended 30 September 2023	Year ended 30 September 2022
UK Energy Use (kWh)	1,062,493	991,526
Greenhouse Gas Emissions (tonnes CO2 equivalent)	420	345
Intensity ratio - Emissions per gross internal area (m2)	0.0383	0.0315

The 2022 figures have been updated to be on a consistent basis with 2023.

The UK energy use covers all activities of WJEC CBAC Limited and its subsidiary at the Western Avenue and Trefforest sites, and the information above also includes fuel in vehicles operated by individuals contracted to provide examination-related services.

Associated greenhouse gas emissions have been calculated in line with the 'GHG Reporting Line Protocol – Corporate Standard'.

Both the Western Avenue and Trefforest sites work within an accredited framework for Environmental Management (BS 8555:2016), which is independently audited each year. During this inspection, environmental targets are reviewed, and continuous improvement is assessed. As part of the approach to decarbonisation, WJEC CBAC Limited has a ten year decarbonisation plan to reduce the Charity's carbon footprint.

WJEC CBAC Limited continues to review and seek improvements to energy usage and efficiency on an ongoing basis and alongside our procurement of renewable electricity to support our energy needs.

EMPLOYEE INVOLVEMENT AND EQUAL OPPORTUNITIES

Consultation with employees or their representatives has continued with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Senior management and the recognised trade union discuss matters of policy through regular formal and informal meetings. There is engagement with UNISON on contractual issues and remuneration matters including the annual pay award, which have been specific to WJEC CBAC Limited and locally negotiated since 2010. In addition, WJEC CBAC Limited continues to work closely with UNISON as our approach to of hybrid working develops further.

Communications with employees continue through staff workshops, focus groups, staff bulletins and briefing groups; internal communication processes include regular Chief Executive Briefings for staff and internal news bulletins and a monthly Core Brief providing regular updates from ELT. In addition, there are subgroups established with specific briefs e.g. communication group to develop WJEC'S Communication Charter. In addition, the Leadership Conference, held twice a year support our leaders and managers to lead by example and to become visible and credible role models.

WJEC CBAC LIMITED
REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2023 -
Continued

An annual Employee Engagement Survey is undertaken in order to measure staff engagement levels which can help identify where to take action to improve engagement and enhance performance. Staff Focus Groups are held to communicate the outcomes of the survey and test the themes with an Employee Engagement Action Plan developed and shared with staff.

WJEC CBAC Limited has successfully achieved the 'We Invest in People – Standard Accreditation'. The Investors in People framework allows organisations to assess, understand and recognise their performance at leading, supporting and improving their people. The framework supports organisations to measure performance and compare against other companies within the same industry.

WJEC CBAC Limited has developed a vision for a wellbeing strategy that is aligned with the overall HR mission and core values. The strategy includes a wellbeing plan under which all wellbeing initiatives are delivered. The plan provides a focus for targeting behaviours that present health risks and supporting lifestyle changes among employees. The wellbeing strategy makes provision for measuring whether or not its goals are achieved and evaluating the success of wellbeing programmes. Following evaluation, the organisation is committed to make changes to wellbeing initiatives to meet employees' changing needs and to help achieve a return on investment.

WJEC CBAC Limited's wellbeing policy enables the organisation to put in place wellbeing initiatives and outline wellbeing aspects that the organisation intends to address, including stress, lifestyle and exercise.

As part of WJEC's commitment to promoting staff health and wellbeing, the organisation has put in place a team of mental health first-aiders. The role of the mental health first-aiders is to be a first point of contact for employees who are experiencing a mental health issue or emotional distress.

As part of our best practice approach, WJEC continues to review all policies to ensure they support our evolving working practices. The hybrid model of working is embedded within WJEC and we continue to evolve our culture to support this way of working.

WJEC CBAC Limited is fully committed to the elimination of unlawful and unfair discrimination and values the benefits that a diverse workforce brings to the organisation. The organisation will not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. It will not discriminate because of any other irrelevant factor and will build a culture that values openness, fairness and transparency.

WJEC CBAC Limited's diversity and inclusion policy enables the organisation to send out a strong message of commitment, both internally and externally. All employees are responsible for the promotion and advancement of this policy. Behaviour, actions or words that transgress the policy will not be tolerated and will be dealt with in line with the organisation's disciplinary policy. WJEC CBAC Limited is committed to an active equal opportunities approach from recruitment and selection, through training, development, performance management reviews and promotion to retirement for all employees including those with a disability.

Employees will be recruited solely on the basis of work criteria and the applicant's abilities and individual merit. A disability will not of itself justify the non-recruitment of an applicant. Reasonable adjustments to the recruitment process will be made as required to ensure that no applicant is disadvantaged because of his / her disability.

All employees will have equal access to training and opportunities for promotion and other aspects of career development based solely on their abilities. In particular, each element of the recruitment and training process will be made accessible to disabled employees by such adjustments as are reasonable.

As part of its commitment to equal opportunities for disabled people, WJEC CBAC Limited will ensure that all reasonable measures are taken to retain disabled employees in employment, including situations where individuals become disabled during their employment.

WJEC CBAC Limited will make such adjustments as are reasonable to enable a disabled employee to carry out his / her duties. These may include, but are not limited to, provision of specialist equipment and training, job redesign, retraining, flexible hours, remote working and / or redeployment to a suitable alternative vacancy.

WJEC CBAC Limited is an inclusive employer and recognises the importance of taking proactive measures to remove barriers from the working environment for disabled people. These measures will ensure that WJEC CBAC Limited is able to recruit and retain the best employees on the basis of their abilities and individual merit.

WJEC CBAC Limited's Performance Management Review process provides individuals with the opportunity to improve personal and organisational effectiveness. The day-to-day management of individual and team performance should run alongside a formal framework, under which performance is assessed and improved. Formal performance reviews take place annually and are linked to training and development needs. Collectively,

WJEC CBAC LIMITED
REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2023 -
Continued

WJEC CBAC Limited is committed to providing mechanisms to ensure that the workforce performs at high levels which will help the organisation survive and prosper in a competitive marketplace.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of WJEC CBAC Limited for the purposes of company law) are responsible for preparing the Report of Directors and Trustees and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

The Report of Directors and Trustees, including the Strategic Report, was approved by order of the Board on 27 June 2024.



Ms J P Moonan
Chair of the Board of Directors

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of WJEC CBAC Limited (the 'charitable company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 September 2023 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the group statement of financial activities;
- the group statement of comprehensive income;
- the group and parent charitable company balance sheets;
- the group cash flow statement; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the group's and the parent charitable company'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 trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Charities Act, UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address are described below:

- Restricted fund income identification and allocation: We selected a sample of performance related grant income to review the terms and conditions to ensure it was appropriately classified as restricted income where required, and performed an analysis of restricted fund expenditure in the year to ensure the expenditure of funds met the relevant fund requirements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

WJEC CBAC LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF WJEC CBAC
LIMITED - Continued

- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of Directors and Trustees, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Report of Directors and Trustees have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the Report of Directors and Trustees.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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



Michelle Hopton FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom

27 June 2024

WJEC CBAC LIMITED GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2023 (including consolidated income and expenditure account)

	Notes	Unrestricted funds	Restricted funds	Total funds Year ended 30 Sept 2023	Total funds Year ended 30 Sept 2022
		£'000	£'000	£'000	£'000
INCOME FROM:					
Donations and legacies	3	1	-	1	-
Charitable activities	4	53,052	1,495	54,547	55,199
Other trading activities	5	46	-	46	5
Investments	6	1,535	-	1,535	284
Other income	7	224	1	225	5
TOTAL INCOME		54,858	1,496	56,354	55,493
EXPENDITURE ON:					
Raising funds	8	49	-	49	11
Charitable activities	8	49,840	1,686	51,526	51,398
TOTAL EXPENDITURE	8	49,889	1,686	51,575	51,409
Net income before investment Losses		4,969	(190)	4,779	4,084
Net losses on investments	15	(22)	-	(22)	(277)
Net income before tax		4,947	(190)	4,757	3,807
Taxation	12	83	-	83	-
Net income for the year	10	5,030	(190)	4,840	3,807

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

Net income for the year		5,030	(190)	4,840	3,807
Actuarial gains on defined benefit schemes	22	10,220	-	10,220	27,290
NET MOVEMENT IN FUNDS		15,250	(190)	15,060	31,097

RECONCILIATION OF FUNDS:

Total funds brought forward		86,368	806	87,174	56,077
Net movement in funds for the year		15,250	(190)	15,060	31,097
Total funds carried forward		101,618	616	102,234	87,174

HISTORICAL COST SURPLUSES AND DEFICITS

	Year ended 30 Sept 2023	Year ended 30 Sept 2022
	£'000	£'000
Net income for the year	4,840	3,807
Difference between the historical cost depreciation and the actual depreciation charge of the period calculated on the revalued amount	7	8
HISTORICAL COST NET INCOME FOR THE YEAR	4,847	3,815

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing activities.

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented in respect of the parent charity.

See note 19 for comparative Consolidated Statement of Financial Activities analysed by funds.

WJEC CBAC LIMITED (Company Registration Number 03150875)
BALANCE SHEETS AS AT 30 SEPTEMBER 2023

		Group		Charity	
	Note	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
FIXED ASSETS					
Intangible assets	13	819	449	819	448
Tangible assets	14	15,165	15,274	15,151	15,236
Investments	15	9,390	9,412	9,390	9,412
		<u>25,374</u>	<u>25,135</u>	<u>25,360</u>	<u>25,096</u>
Debtors	17	-	-	990	1,692
CURRENT ASSETS					
Stocks	16	1,330	1,288	545	461
Debtors	17	6,100	5,485	6,127	5,598
Cash at bank and in hand		37,926	37,603	37,916	37,593
		<u>45,356</u>	<u>44,376</u>	<u>44,588</u>	<u>43,652</u>
Creditors: amounts falling due within one year	18	(5,126)	(5,207)	(5,070)	(5,339)
NET CURRENT ASSETS		<u>40,230</u>	<u>39,169</u>	<u>39,518</u>	<u>38,313</u>
Provision for liabilities		(350)	-	(350)	-
Defined benefit pension scheme surplus	22	36,980	22,870	36,980	22,870
NET ASSETS		<u>102,234</u>	<u>87,174</u>	<u>102,498</u>	<u>87,971</u>
FUNDS					
Restricted funds	20	616	806	616	806
Unrestricted funds:					
Charitable funds	20	63,198	62,534	63,239	62,625
Non-charitable trading fund	20	(223)	(706)	-	-
Revaluation reserve	20	1,663	1,670	1,663	1,670
Unrestricted funds excluding pension asset		<u>64,638</u>	<u>63,498</u>	<u>64,902</u>	<u>64,295</u>
Pension reserve	20	36,980	22,870	36,980	22,870
Total unrestricted funds		<u>101,618</u>	<u>86,368</u>	<u>101,882</u>	<u>87,165</u>
TOTAL FUNDS		<u>102,234</u>	<u>87,174</u>	<u>102,498</u>	<u>87,971</u>

The net income for the year of the parent charity for Companies Act purposes is £4.307m (2022: £3.215m) and the net movement in funds after actuarial adjustments is £14.527m (2022: £30.505m).

The financial statements of WJEC CBAC Limited, registered number 03150875, were approved by the Board of Trustees and authorised for issue on 27 June 2024. They were signed on its behalf by:

Ms J P Moonan
Chair of Trustees

WJEC CBAC LIMITED GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds Year ended 30 Sept 2023 £'000	Total funds Year ended 30 Sept 2022 £'000
Net cash flows (used in) / from operating activities	26	(313)	396	83	7,459
Cash flows from investing activities:					
Purchases of tangible assets		(587)	-	(587)	(410)
Purchases of intangible assets		(708)	-	(708)	(120)
Purchases of investments		-	-	-	(5,200)
Interest received		1,535	-	1,535	284
Net cash flows from / (used in) investing activities		240	-	240	(5,446)
Net cash flows from financing activities		-	-	-	-
Net (decrease) / increase in cash and cash equivalents		(73)	396	323	2,013
Cash and cash equivalents at 1 October		37,950	(347)	37,603	35,590
Cash and cash equivalents at 30 September		37,877	49	37,926	37,603

1 ACCOUNTING POLICIES

Company and charitable status

WJEC CBAC Limited, a public benefit entity, is registered in the UK and incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 9 Trustees. WJEC CBAC Limited is governed by its memorandum and articles, the guarantors are the 22 local authorities in Wales and the guarantee of each member is limited to £1. WJEC CBAC Limited is a registered charity. The registered office is given on page 1.

Basis of accounting

The financial statements are prepared under the historical cost convention, subject to the treatment of tangible assets on transition to FRS 102 as detailed below, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2019, and the Companies Act 2006.

The principal accounting policies are set out below.

Going concern

The organisation's activities and future plans are set out in the Report of Directors and Trustees. The Trustees have assessed the charity's ability to continue as a going concern. The Trustees have considered several factors in forming their conclusions as to whether the use of the going concern basis is appropriate in preparing these financial statements, including cash resources, liquidity and demand for services.

The organisation has considerable financial resources together with certain agreed government funding. As a consequence, the Trustees believe that the organisation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Trustees have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

Group financial statements have been prepared in respect of the Charity and its wholly-owned subsidiary undertaking WJEC CBAC (Services) Limited. These financial statements have been consolidated on a line-by-line basis and the results of the subsidiary undertaking are disclosed in note 15.

In accordance with Section 403(3) of the Companies Act 2006 the Charity has adapted the Companies Act formats to prepare its consolidated accounts. No separate Statement of Financial Activities has been presented for the Charity alone as permitted by Section 408(3) of the Companies Act 2006 and paragraph 423 of the SORP. The amount of the surplus for the year dealt with in the Charity's own accounts is disclosed on page 20.

Income

Income is recognised when the Group and Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income is classified as a general grant when receipt is not conditional on delivering certain levels or volumes of a service or supply of charitable goods.

Income is classified as a performance-related grant when a grant funding agreement contains conditions that specify the services to be performed by the Charity in receipt of the grant. Income is recognised to the extent that the Charity has provided the specified output. Any unspent elements of restricted funds are carried forward as restricted funds reserves.

Other Examination Income represents fees receivable for the provision of examination, testing and contract services.

The main source of trading activity income is the rental of unused office space.

All income is credited as income in the year in which it is receivable.

1 ACCOUNTING POLICIES - Continued

Incoming resources received but relating to future activities are treated as deferred income and recognised in the applicable financial year.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Expenditure on raising funds includes the refurbishment of office space in preparation for external rental, investment advice received and costs incurred in the operation of the Charity's staff restaurant.

Expenditure on charitable activities includes direct costs of delivering Examination and Educational Resources activities.

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include governance costs, accommodation and facilities, information technology, finance, marketing, human resources and corporate costs which support the Trust's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.

Expenditure is included in the statement of financial activities on an accrual basis, inclusive of VAT which cannot be recovered.

Fund accounting

Unrestricted funds, which include the charitable funds, are expendable at the discretion of the Trustees in furtherance of the objectives of the Charity. They comprise surpluses and deficits after transfers to and from restricted funds.

The group non-charitable trading fund relates to the activities of its subsidiary WJEC CBAC (Services) Limited, as outlined in note 15.

The revaluation reserve was established upon the revaluation of land and buildings at 1 April 1996 as set out in note 14.

The Charity holds certain restricted funds which are subject to specific restrictions imposed by the funding authorities and donors. These funds are not available for the Trustees to apply at their discretion. The purpose and use of the restricted funds is set out in note 21 to the financial statements.

Taxation

The parent company is a registered charity and has no liability to corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

Current tax for the subsidiary company, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax is measured on a non-discounted basis.

1 ACCOUNTING POLICIES - Continued

Intangible assets and amortisation

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on all intangible assets, other than software in development, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Software	3 - 5 years
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The charge of amortisation of intangible assets is included within the charitable activities expenditure line of the Statement of Financial Activities.

Software development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. Development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use.
- The intention to complete the software and use it.
- The ability to use the software.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Tangible assets and depreciation

Land and Buildings and items of Equipment were valued at 1 April 1996. On transition to FRS 102 the Charity has elected to use these previous UK GAAP revaluations as their deemed cost at the revaluation date. Accordingly the valuation of these assets has not been updated.

Other tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets under construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Furniture and equipment	3 - 7 years
Freehold buildings	50 years

Group policy is to capitalise equipment costing greater than £250. Assets are considered for impairment on an annual basis.

Investments

Fixed asset investments are measured at market value through the statement of financial activities.

In the parent Charity balance sheet, investments in subsidiary undertakings are recorded at cost less any provision for impairment. Impairment reviews are performed by the Trustees when there has been an indication of potential impairment.

Stocks and work in progress.

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Work in progress and finished goods include the cost of materials and labour plus an appropriate proportion of overheads.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1 ACCOUNTING POLICIES - Continued

Financial Instruments

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The only financial instruments measured at fair value, based on the market rate, are investments (£9.390m at 30 September 2023, £9.412m at 30 September 2022). Intangible assets are measured at amortised cost (£0.819m at 30 September 2023, £0.449m at 30 September 2022).

Pension costs

The Charity operates defined benefit pension schemes for the benefit of its employees. The Charity makes contributions to the Rhondda Cynon Taff Local Government Pension Scheme (LGPS) and The Teachers' Pension Agency (TPA). Both are defined benefit schemes, but the TPA scheme is accounted for as a defined contribution scheme (see note 22).

The amounts charged to the statement of financial activities in respect of the LGPS are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. The net interest cost on the net defined benefit liability is also charged to the statement of financial activities. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in the statement of comprehensive income. Actuarial gains and losses are stated net of any tax effects.

The LGPS is funded, with the assets of the scheme held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The valuations are obtained triennially and are updated at each balance sheet date.

A pension scheme asset is recognised to the extent that WJEC CBAC Limited is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The financial consequences of the Covid-19 pandemic have been considered. Future cash flow forecasts have been prepared and the Board of Trustees considers that there are sufficient cash resources for at least the next twelve months from the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure, except in respect of pensions as follows:

Critical accounting judgements

A critical judgement is required in 2023 in relation to the recognition of the defined benefit pension plan surplus. FRS 102 restricts asset recognition to the extent that a company is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Aon Solutions UK Ltd have undertaken additional calculations and concluded that the net pension asset can be recognised in full at the accounting date, based on a theoretical reduction in future employer contributions to the plan.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Estimation Uncertainty

The cost of defined benefit pension plans is determined using actuarial valuations, which are dependent on assumptions in respect of discount rates, future salary increases, future pension increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used in establishing the amounts recognised in these financial statements are outlined in note 22. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 30 September 2023 is set out below.

Assumption	Sensitivity	Increase / (decrease) in liability £m
Discount rate	+ 0.1%	(1.140)
Discount rate	- 0.1%	1.140
Future salary increases	+ 0.1%	0.130
Future salary increases	- 0.1%	(0.130)
Future pension increases	+ 0.1%	1.010
Future pension increases	- 0.1%	(1.010)
Mortality age *	+ 1 year	(1.620)
Mortality age *	- 1 year	1.620

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

3 ANALYSIS OF INCOME FROM DONATIONS AND LEGACIES

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Donations	1	-

4 ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Performance-related grants and other funding	1,459	3,085
Other Examinations income	52,867	52,051
Other Educational Resources income	221	63
	54,547	55,199

5 ANALYSIS OF INCOME FROM OTHER TRADING ACTIVITIES

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Rental income and associated recoverable costs	40	-
Staff restaurant	4	5
Sponsorships	2	-
	46	5

6 ANALYSIS OF INCOME FROM INVESTMENTS

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Bank interest	1,535	284

7 ANALYSIS OF OTHER INCOME

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Insurance	218	-
Paper waste	3	1
Royalties	3	3
Sundry fees	1	1
	225	5

8 ANALYSIS OF EXPENDITURE

	Activities undertaken directly £'000	Support costs £'000	Total Year ended 30 Sept 2023 £'000	Total Year ended 30 Sept 2022 £'000
Raising funds	26	23	49	11
Charitable activities – Examinations	38,306	11,235	49,541	48,850
Charitable activities – Educational Resources	1,565	420	1,985	2,548
Total expenditure	39,897	11,678	51,575	51,409

9 ANALYSIS OF SUPPORT COSTS

	Raising Funds £'000	Examinations £'000	Educational Resources £'000	Total £'000
Year ended 30 September 2023				
Governance	-	491	32	523
Finance	-	1,304	32	1,336
Information Technology	-	5,250	195	5,445
Marketing	-	1,033	12	1,045
Accommodation and Facilities	23	1,800	58	1,881
Human Resources	-	788	52	840
Corporate costs	-	569	39	608
Total Expenditure	23	11,235	420	11,678

9 ANALYSIS OF SUPPORT COSTS - continued

	Raising Funds	Examinations	Educational Resources	Total
Year ended 30 September 2022	£'000	£'000	£'000	£'000
Governance	-	342	29	371
Finance	-	1,252	10	1,262
Information Technology	-	5,348	226	5,574
Marketing	-	981	15	996
Accommodation and Facilities	-	1,720	108	1,828
Human Resources	-	861	73	934
Corporate costs	-	533	48	581
Total Expenditure	-	11,037	509	11,546

Basis of Allocation

Support costs are apportioned between the Charity's Direct Activities on the following basis:

Cost element	Basis of apportionment
Governance	Number of full-time equivalent posts
Finance	Departmental expenditure
Information Technology	Resource usage
Marketing	Resource usage
Accommodation and Facilities	Floor area of offices occupied
Human Resources	Number of full-time equivalent posts
Corporate costs	Number of full-time equivalent posts

10 NET INCOME FOR THE YEAR

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Net income is stated after charging / (crediting):		
Auditor's remuneration:		
Fees payable to the Charity's auditor for the audit of the Charity's annual financial statements	62	29
Fees payable to the Charity's auditor for other services to the group:		
- Audit-related assurance services	7	29
- Tax compliance services	11	5
- Tax advisory services	8	4
- Fees payable for the audit of the Charity's subsidiary	16	12
Other professional fees	75	95
Government grants	(1,459)	(3,085)
Depreciation of owned tangible fixed assets	695	641
Amortisation of owned intangible fixed assets	289	510
Loss on disposal of fixed assets	50	113
Operating lease charges	212	222

Details of restricted government grant income are outlined in note 20, representing part or all of the income in respect of the Publications Programme, Welsh Medium Assessment, Welsh for Adults, Blended Learning, Digital Technology, Innovate UK and the Innovations Exhibition.

There are no unfulfilled conditions or other contingencies attached to the grants that have been recognised in income.

11 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

The average monthly number of employees was:

Group and Charity	Year ended 30 Sept 2023 Number	Year ended 30 Sept 2022 Number
Raising funds	1	-
Examinations	332	310
Educational Resources	25	32
Support	104	99
Governance	3	2
	465	443

Their aggregate remuneration comprised:
Group and Charity

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Wages and salaries	17,586	16,070
Social security costs	1,894	1,784
Other pension costs	2,020	7,034
	21,500	24,888

The number of employees whose emoluments (excluding employer pension contributions but including benefits in kind) exceeded £60,000 was:

Salary band	Year ended 30 Sept 2023 Number	Year ended 30 Sept 2022 Number
£60,001 - £70,000	42	9
£70,001 - £80,000	19	17
£80,001 - £90,000	3	5
£90,001 - £100,000	1	1
£100,001 - £110,000	2	1
£110,001 - £120,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

The key management personnel of the Group and parent Charity, also known as the ELT, are listed on page 1. The total remuneration of the key management personnel of the Group and Charity for the year totalled £1,017k (2022: £919k). This includes pension contributions of £265k (2022: £232k).

Payments made to individuals contracted to provide examination-related services are not included in the employee information above.

Trustees' Remuneration

No Trustees received remuneration during the current or prior year. Travel and subsistence expenses of £1k were paid to 2 trustees in 2023 (2022: £1k).

12 TAX ON PROFIT OF TRADING SUBSIDIARY

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
The charge for taxation is made up as follows:		
Deferred tax		
Origination and reversal of timing differences	(75)	(2)
Adjustment in respect of previous periods	2	-
Effect of changes in tax rates	(10)	2
Total deferred tax	(83)	-
Total tax on profit	(83)	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 22.01% (2022: 19%). The actual tax credit for the year differs from the standard rate for the following reasons:

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Profit before taxation	400	422
Tax on profit at the standard rate	88	80
Deferred tax not recognised	(163)	(82)
Tax rate changes	(10)	2
Adjustment from previous periods	2	-
Total tax credit for the year	(83)	-

From April 2023, the main rate of corporation tax increased from 19% to 25% on profits above £250,000. The rate for small profits under £50,000 remains at 19% and there is marginal relief for businesses with profits under £250,000 to provide a gradual increase in the effective Corporation Tax rate.

13 INTANGIBLE ASSETS

Group	Computer Software £'000	Software under Development £'000	Total £'000
Cost			
At 1 October 2022	4,355	103	4,458
Additions	51	657	708
Disposals	(163)	(49)	(212)
Transfers	247	(247)	-
At 30 September 2023	4,490	464	4,954
Accumulated amortisation			
At 1 October 2022	4,009	-	4,009
Charge for the year	289	-	289
Disposals	(163)	-	(163)
At 30 September 2023	4,135	-	4,135
Net book amount			
At 30 September 2023	355	464	819
At 30 September 2022	346	103	449
Charity	Computer Software £'000	Software under Development £'000	Total £'000
Cost			
At 1 October 2022	4,240	103	4,343
Additions	51	657	708
Disposals	(163)	(49)	(212)
Transfers	247	(247)	-
At 30 September 2023	4,375	464	4,839
Accumulated amortisation			
At 1 October 2022	3,895	-	3,895
Charge for the year	288	-	288
Disposals	(163)	-	(163)
At 30 September 2023	4,020	-	4,020
Net book amount			
At 30 September 2023	355	464	819
At 30 September 2022	345	103	448

14 TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £'000	Furniture and Equipment £'000	Total £'000
Cost / valuation			
At 1 October 2022	21,508	3,724	25,232
Additions	-	587	587
Disposals	-	(73)	(73)
At 30 September 2023	21,508	4,238	25,746
Represented by:			
- Valuation at 1 April 1996	2,131	2	2,133
- Cost	19,377	4,236	23,613
Accumulated depreciation			
At 1 October 2022	6,800	3,158	9,958
Charge for the year	368	327	695
Disposals	-	(72)	(72)
At 30 September 2023	7,168	3,413	10,581
Net book amount			
At 30 September 2023	14,340	825	15,165
At 30 September 2022	14,708	566	15,274

If freehold land and buildings and furniture and equipment had not been revalued they would have been included at the following amounts:

	Land and Buildings		Furniture and Equipment	
	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Cost	19,377	19,377	4,236	3,722
Aggregated depreciation	(6,700)	(6,339)	(3,411)	(3,156)
Net book amount	12,677	13,038	825	566

14 TANGIBLE FIXED ASSETS - Continued

Charity	Freehold Land and Buildings £'000	Furniture and Equipment £'000	Total £'000
Cost / valuation			
At 1 October 2022	21,508	2,818	24,326
Additions	-	584	584
Disposals	-	(73)	(73)
At 30 September 2023	21,508	3,329	24,837
Represented by:			
- Valuation at 1 April 1996	2,131	2	2,133
- Cost	19,377	3,327	22,704
Accumulated depreciation			
At 1 October 2022	6,800	2,290	9,090
Charge for the year	368	300	668
Disposals	-	(72)	(72)
At 30 September 2023	7,168	2,518	9,686
Net book amount			
At 30 September 2023	14,340	811	15,151
At 30 September 2022	14,708	528	15,236

If freehold land and buildings and furniture and equipment had not been revalued they would have been included at the following amounts:

	Land and Buildings		Furniture and Equipment	
	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Cost	19,377	19,377	3,327	2,816
Aggregated depreciation	(6,700)	(6,339)	(2,516)	(2,288)
Net book amount	12,677	13,038	811	528

All of the Charity's assets are utilised for charitable purposes.

Bases of valuations

Land and Buildings were valued at 1 April 1996 by the Property Services department of Rhondda Cynon Taff County Borough Council on an existing use, open market, basis.

Equipment was valued at 1 April 1996 by the management of WJEC CBAC Limited on a depreciated replacement cost basis.

On transition to FRS 102 the Charity elected to use these previous UK GAAP revaluations as their deemed cost at the revaluation date. Accordingly the valuation of these assets has not been updated.

15 INVESTMENTS

	Group		Charity	
	As at	As at	As at	As at
	30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
	£'000	£'000	£'000	£'000
Investment funds	9,390	9,412	9,390	9,412
Subsidiary undertakings	-	-	-	-
	9,390	9,412	9,390	9,412

Investment funds – Group & Charity

	Group		Charity	
	As at	As at	As at	As at
	30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
	£'000	£'000	£'000	£'000
Market value at 1 October	9,412	4,489	9,412	4,489
Additions	-	5,200	-	5,200
Net unrealised investment losses	(22)	(277)	(22)	(277)
Market value at 30 September	9,390	9,412	9,390	9,412
 Cost at 30 September	 8,700	 8,700	 8,700	 8,700
 Market value analysed between:				
Investments	9,390	9,412	9,390	9,412
Cash held by investment managers	-	-	-	-
	9,390	9,412	9,390	9,412

Subsidiary undertakings - Charity

	£
At 1 October 2022 and 30 September 2023	1

The Charity owns the entire issued ordinary share capital of WJEC CBAC (Services) Limited, incorporated and registered in Wales (registration number 3261485). The principal activity of the subsidiary company is the provision of printing, publishing and distribution services to the parent company.

The result of the Charity's trading activities through its subsidiary undertaking is detailed below. WJEC CBAC (Services) Limited's taxable profits are generally donated to the Charity annually.

WJEC CBAC LIMITED NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 - Continued

15 INVESTMENTS - Continued

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Turnover	3,922	3,323
Cost of sales	(2,592)	(2,045)
Gross profit	1,330	1,278
Other income	51	-
Administrative and other expenses	(858)	(753)
Operating profit	523	525
Interest payable	(123)	(103)
Profit before taxation	400	422
Tax on profit	83	-
Profit for the year	483	422

The aggregate of the assets and liabilities was:

	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Fixed assets	14	38
Non-current debtors	83	-
Current assets	863	1,162
Current liabilities	(1,183)	(1,906)
Net liabilities	(223)	(706)

16 STOCKS

	Group		Charity	
	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Stocks of finished goods and materials	540	359	451	248
Work in progress	790	929	94	213
	1,330	1,288	545	461

17 DEBTORS

	Group		Charity	
	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Trade debtors	2,335	2,090	2,335	2,090
Prepayments and accrued income	3,682	3,373	3,654	3,345
Amounts owed by subsidiary undertaking	-	-	138	160
VAT recoverable	-	19	-	-
Deferred tax	83	-	-	-
Other debtors	-	3	-	3
	6,100	5,485	6,127	5,598

Non-current debtors

Amounts owed by subsidiary undertaking	-	-	990	1,692
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The deferred tax asset in the financial statements is as follows:

	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Fixed asset timing differences	3	(2)
Losses	80	2
	83	-

£47k of the £83k deferred tax asset at 30 September 2023 is expected to reverse in the next 12 months (2022: £2k of £2k asset and £2k of £2k liability). This is based on an estimate of brought forward losses which will be utilised to offset taxable profits and the expected difference between the projected depreciation / amortisation charge and capital allowances to be claimed in respect of assets held at 30 September 2023. The balance of £35k is expected to fall due after more than one year.

18 CREDITORS

	Group		Charity	
	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Amounts falling due within one year				
Trade creditors	2,044	1,899	2,036	1,888
Accruals and deferred income	2,417	2,526	2,379	2,482
Taxation and social security	647	705	637	892
Other creditors	18	77	18	77
	5,126	5,207	5,070	5,339
Deferred income				
Brought forward	532		532	
Released in the year	(532)		(532)	
Deferred in the year	524		524	
Carried forward	524		524	

The deferred income relates to Welsh Bacculaureate registration fees, which are recognised over the two-year course.

19 COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted funds	Total funds Year ended 30 Sept 2022
	£'000	£'000	£'000
INCOME FROM:			
Charitable activities	52,075	3,124	55,199
Other trading activities	5	-	5
Investments	284	-	284
Other income	4	1	5
TOTAL INCOME	52,368	3,125	55,493
EXPENDITURE ON:			
Raising funds	11	-	11
Charitable activities	48,772	2,626	51,398
TOTAL EXPENDITURE	48,783	2,626	51,409
Net income before investment losses	3,585	499	4,084
Net losses on investments	(277)	-	(277)
Net income before tax	3,308	499	3,807
Taxation	-	-	-
Net income for the year	3,308	499	3,807
GROUP STATEMENT OF COMPREHENSIVE INCOME			
Net income for the year	3,308	499	3,807
Actuarial gains on defined benefit schemes	27,290	-	27,290
NET MOVEMENT IN FUNDS	30,598	499	31,097
RECONCILIATION OF FUNDS:			
Total funds brought forward	55,094	983	56,077
Net movement in funds for the year	30,598	499	31,097
Transfer	676	(676)	-
Total funds carried forward	86,368	806	87,174

20 MOVEMENT ON FUNDS

Group	Non-charitable Trading Fund	Revaluation Reserve	Charitable Funds	Restricted Fund	Pension Reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2022	(706)	1,670	62,534	806	22,870	87,174
Surplus / (deficit) for the year	483	-	657	(190)	3,890	4,840
Actuarial gain	-	-	-	-	10,220	10,220
Transfer	-	(7)	7	-	-	-
At 30 September 2023	(223)	1,663	63,198	616	36,980	102,234
Charity		Revaluation Reserve	Charitable Funds	Restricted Fund	Pension Reserve	Total
		£'000	£'000	£'000	£'000	£'000
At 1 October 2022		1,670	62,625	806	22,870	87,971
Surplus / (deficit) for the year		-	607	(190)	3,890	4,307
Actuarial gain		-	-	-	10,220	10,220
Transfer		(7)	7	-	-	-
At 30 September 2023		1,663	63,239	616	36,980	102,498

20 MOVEMENT ON FUNDS – Continued

Restricted Funds

The Charity has identified certain funds that have been classed as restricted as follows:

- Welsh Language & Resource – services provided through a Service Level Agreement with the 22 local authorities in Wales. Although funding ended in 2018, agreement was received to spend the residual balance on ongoing projects.
- Welsh Language & Resource – Ancillary Income – income utilised to further support the services provided through the historical Service Level Agreement with the 22 local authorities in Wales.
- Publications Programme – Welsh Government funded publication of Welsh language and bilingual versions of classroom materials.
- Welsh Medium Assessment – funding to support the provision of assessment through the medium of Welsh.
- Welsh for Adults – funding received for the delivery of examinations and resources designed specifically for adult learners.
- Welsh Language Support Grant – funding for the translation and printing of Welsh medium specifications, Specimen Assessment Materials, Delivery Guides and Administrative Guides.
- Blended Learning – funding to develop a suite of GCSE and A Level resources to support learners.
- Department for Education – DfE grant to support the Appeals process in England for Summer 2021 examinations, together with the additional Autumn series.
- Design & Technology Innovation Exhibition and Awards Showcase – a Welsh Government grant to support a four-day exhibition of the most innovative work produced by GCSE, AS and A Level Design & Technology students.
- Innovate UK – funding to support the collaboration between WJEC CBAC Limited, Cardiff Council and Iungo Solutions Limited on a research project entitled "Semiconductor Higher Technical Skills Academy Wales: Recruitment, Retention & Upskilling".
- Digital Technology Resources – funding to support the production of blended learning resources and knowledge organisers for GCE AS/A Level Digital Technology.

	Balance at 1 Oct 2022 £'000	Movement in Funds Income £'000	Expenditure £'000	Balance at 30 Sept 2023 £'000
Welsh Language & Resource	128	-	128	-
Welsh Language & Resource – Ancillary Income	158	2	25	135
Publications Programme	-	572	572	-
Welsh Medium Assessment	-	420	420	-
Welsh for Adults	508	225	252	481
Welsh Language Support Grant	-	4	4	-
Blended Learning	-	225	225	-
Department for Education	12	-	12	-
Design & Technology Innovation Exhibition and Awards Showcase	-	5	5	-
Innovate UK	-	2	2	-
Digital Technology Resources	-	41	41	-
	806	1,496	1,686	616

21 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

At 30 September 2023

Group	Unrestricted Funds £'000	Restricted Funds £'000	Pension Reserve £'000	Total £'000
Fixed assets	25,374	-	-	25,374
Current assets	44,709	647	-	45,356
Current liabilities	(5,095)	(31)	-	(5,126)
Provision for liabilities	(350)	-	-	(350)
Defined benefit pension scheme asset	-	-	36,980	36,980
	64,638	616	36,980	102,234

Charity	Unrestricted Funds £'000	Restricted Funds £'000	Pension Reserve £'000	Total £'000
Fixed assets	25,360	-	-	25,360
Debtors	990	-	-	990
Current assets	43,941	647	-	44,588
Current liabilities	(5,039)	(31)	-	(5,070)
Provision for liabilities	(350)	-	-	(350)
Defined benefit pension scheme asset	-	-	36,980	36,980
	64,902	616	36,980	102,498

At 30 September 2022

Group	Unrestricted Funds £'000	Restricted Funds £'000	Pension Reserve £'000	Total £'000
Fixed assets	25,135	-	-	25,135
Current assets	43,511	865	-	44,376
Current liabilities	(5,148)	(59)	-	(5,207)
Defined benefit pension scheme asset	-	-	22,870	22,870
	63,498	806	22,870	87,174

Charity	Unrestricted Funds £'000	Restricted Funds £'000	Pension Reserve £'000	Total £'000
Fixed assets	25,096	-	-	25,096
Debtors	1,692	-	-	1,692
Current assets	42,787	865	-	43,652
Current liabilities	(5,280)	(59)	-	(5,339)
Defined benefit pension scheme asset	-	-	22,870	22,870
	64,295	806	22,870	87,971

22 EMPLOYEE RETIREMENT BENEFITS

Defined benefit schemes

The Charity's employees belong to two principal pension schemes, the Teachers' Pension Scheme and the Rhondda Cynon Taff Borough Council Local Government Pension Scheme ("LGPS" or "the Fund"). The assets of both schemes are held separately from those of the Charity in independently administered funds.

Local Government Pension Scheme

FRS 102 requires disclosures in respect of the assets and liabilities of the scheme attributable to the Charity, the actuarial assumptions used in valuing the scheme and the performance of the pension fund. This information is provided below.

The most recent valuation, as at 31 March 2022, has been updated by Aon Solutions UK Limited, to take account of the requirements of FRS 102 in order to assess the liabilities of the fund as at 30 September 2023. The liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities at their discounted present value.

The employer contribution rates certified for the group at the 2022 valuation are as follows:

	WJEC CBAC Limited
April 2023 to March 2024	36.2% of pensionable salary
April 2024 to March 2025	36.2% of pensionable salary
April 2025 to March 2026	36.2% of pensionable salary

These figures include the past service element of contribution rate.

The Charity no longer makes annual Capital Contributions to the scheme.

	Valuation as at	
	30 Sept 2023	30 Sept 2022
Key assumptions used:		
Discount rate	5.40%	4.90%
Expected rate of salary increases	3.95%	4.25%
Future pension increases	2.70%	3.00%
Pension accounts revaluation rate	2.70%	3.00%
CPI inflation	2.70%	3.00%

Mortality assumptions

The post-retirement mortality assumptions are based on the recent mortality experience of members within the Fund and allow for expected future mortality improvements. The assumed life expectations on retirement at age 65 are:

	Valuation as at	
	30 Sept 2023 years	30 Sept 2022 Years
Retiring today:		
Males	21.0	21.6
Females	23.7	23.9
Retiring in 20 years:		
Males	22.2	22.6
Females	25.1	25.4

22 EMPLOYEE RETIREMENT BENEFITS – Continued

Guaranteed Minimum Pension (GMP) Indexation and Equalisation

The actuary's standard approach is to value full CPI inflation pension increases on GMPs of members whose state pension age is on or after 6 April 2016. This is an approximate method of recognising the cost of the Government's commitment to compensate public service scheme members from the removal of the Additional Pension element of the state pension from this date, and for the outcome of the Lloyds judgement which found GMPs to be illegally sex discriminatory. Government has recognised that this solution will not address all sex inequalities for a minority of members and further guidance is expected from DLUHC on how they propose to deal with this. Any remaining sex inequalities are expected to be small and the actuary believes that their approach, in line with current government policy, is a reasonable estimate.

In October 2020 a second ruling in the Lloyds bank case clarified that compensation would be required to members who transferred benefits out since May 1990. Government has not yet acknowledged a liability in public service schemes nor indicated an approach to rectifying this. There would be a significant time and cost involved in estimating a potential liability and therefore no allowance for a potential liability resulting from this ruling has been included this year.

Cost Management in the LGPS

Legislation requires HM Treasury and the Scheme Advisory Board to undertake periodic valuations to monitor the cost of the LGPS to ensure it remains sustainable and affordable.

The outcomes of both reviews relating to the 2016 valuations recommended no changes to the provisions of the Scheme. The legality of Government's decision to include McCloud costs as a member cost within the 2016 HMT process was challenged by a Judicial Review this year brought by the trades unions. The Judicial Review was unsuccessful; however the unions have been given permission to appeal that decision. If that appeal is successful, this may cause the 2016 HMT process to be re-run and could result in changes in benefits or member contributions backdated to 1 April 2019.

No allowance has been made for the potential cost of improving members' benefits under these reviews.

McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. In a Ministerial Statement dated 15 July 2019, the Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements. DLUHC published its McCloud consultation for the LGPS on 16 July 2020, setting out proposed changes aimed at removing the unlawful age discrimination in the LGPS. In a written ministerial statement on 13 May 2021 DLUHC confirmed they would be proceeding with the key principles as laid out in that consultation, with a full Government response to follow later.

The 2020, 2021 and 2022 actuarial figures included a McCloud 'underpin' liability within the current service cost, together with an allowance within the balance sheet reflecting service since the scheme reforms. For the 30 September 2023 year-end, the same approach has been adopted, with the liability being updated as part of the updating to the result of the 2022 valuation as follows:

- Full data was not available in the 2022 valuation data to calculate the McCloud/Sargeant liability accurately, so an approximate method was used.
- A percentage uplift to the post 2014 liabilities of active and deferred members who joined pre 2012 by age and sex has been calculated, based on the proposed remedy, and assuming pay has increased in line with the assumptions from 2014 to the valuation date.
- An assumption that the majority of pensioner and dependant members affected by McCloud will be small and/or eligible for the original underpin. No liability has therefore been included for these members.
- An age dependent uplift has been used to estimate an overall adjustment to apply to the post 2014 liabilities in respect of pre 2012 joiners, having regard to the age profile of the pre 2012 joiners.
- As under the proposed remedy the period of protection will apply from 1 April 2014 to 31 March 2022, the McCloud allowance has been included within the past service liabilities. No allowance has been made within the current service cost over this accounting period.

This remedy is closely aligned with the method proposed by DLUHC in its consultation issued in July 2020.

22 EMPLOYEE RETIREMENT BENEFITS – Continued

Goodwin Ruling

In June 2020 an employment tribunal ruled, in relation to the Teachers' Pension scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. Those changes are yet to be reflected in the LGPS Regulations, nor in the data received from the Administering Authority and therefore no allowance for this ruling is made in this year's calculations.

Amounts recognised in the statement of financial activities in respect of the defined benefit scheme are as follows:

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Current and past service cost	2,540	6,360
Net interest	(1,290)	(20)
Total cost relating to defined benefit scheme recognised in the statement of financial activities	<u>1,250</u>	<u>6,340</u>

Amounts recognised in the statement of comprehensive income in respect of the defined benefit scheme and unfunded obligations are as follows:

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Actuarial gains	<u>10,220</u>	<u>27,290</u>

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit scheme and unfunded obligations are as follows:

	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Present value of defined benefit obligations	(67,330)	(70,760)
Fair value of scheme assets	<u>105,320</u>	<u>94,730</u>
Net asset / (liability) recognised in the balance sheet in respect of funded scheme	37,990	23,970
Present value of unfunded pension obligations	<u>(1,010)</u>	<u>(1,100)</u>
Total net asset / (liability) recognised in the balance sheet	<u>36,980</u>	<u>22,870</u>

22 EMPLOYEE RETIREMENT BENEFITS – Continued

Movements in the present value of defined benefit obligations were as follows:

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
At 1 October	70,760	110,600
Current service cost	2,540	6,350
Interest cost	3,440	2,310
Actuarial gains	(8,080)	(47,230)
Contributions from scheme participants	990	920
Benefits paid	(2,320)	(2,200)
Past service cost	-	10
At 30 September	67,330	70,760

Movements in the fair value of scheme assets were as follows:

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
At 1 October	94,730	109,030
Actuarial gains / (losses)	2,120	(20,110)
Actual return on plan assets (excluding amounts included in net interest cost)	4,730	2,330
Contributions from the employer	5,070	4,760
Contributions from scheme participants	990	920
Benefits paid	(2,320)	(2,200)
At 30 September	105,320	94,730

The analysis of the scheme assets at the balance sheet date was as follows:

	As at 30 Sept 2023	As at 30 Sept 2022
Equity instruments	69.7%	67.8%
Debt instruments	21.9%	22.5%
Property	7.1%	8.6%
Cash	0.3%	0.6%
Other	1.0%	0.5%
	100.0%	100.0%

Teachers' Pension Scheme

Members of the scheme are employed by WJEC CBAC Limited. The scheme provides specific benefits upon their retirement, and the Charity contributes towards the costs by making contributions as a percentage of members' salaries.

Under the definitions set out in FRS 102 the TPS is a multi-employer, defined benefit pension scheme administered by the Department for Education. However, a notional fund is used as a basis for calculating the employer's contributions as paid by the Charity. The Charity is not able to identify its share of the underlying financial position and performance of the scheme and, therefore, for these financial statements it is accounted for as if it were a defined contribution scheme. Contributions are charged to the statement of financial activities in the year to which they relate.

22 EMPLOYEE RETIREMENT BENEFITS – Continued

	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Employer's contribution	779	711
Employees' contribution	345	314
Agreed future employer contribution rate (from 1 April 2024)	28.68%	23.68%
Agreed future employee contribution rate	7.4 – 11.7%	7.4 – 11.7%

23 FINANCIAL COMMITMENTS

Operating Lease Commitments

The total future minimum payments under non-cancellable operating leases:

Group	As at 30 Sept 2023 £'000	As at 30 Sept 2022 £'000
Plant and equipment		
- within 1 year	203	191
- between 1 and 5 years	455	187
- over 5 years	6	-
	664	378
Charity		
Plant and equipment		
- within 1 year	17	13
- between 1 and 5 years	10	4
	27	17

Capital Commitments

The Charity has capital commitments as at 30 September 2023 of £nil (30 September 2022: £nil).

24 RELATED PARTIES

All transactions between the Charity and subsidiary, WJEC CBAC (Services) Limited, are eliminated on consolidation.

No Trustee received payment for professional or other services supplied to the Charity during the year (2022: £nil).

Some of the directors are nominated by the 22 local authorities in Wales. Until March 2018, these authorities were charged directly for services in respect of educational resources and Youth Arts activities. At 30 September 2023 the amounts owed to WJEC CBAC Limited from the local authorities was £20k (2022: £20k) and this remains outstanding at the date of signing these accounts. At 30 September 2023 the amounts owed by WJEC CBAC Limited to the local authorities was £27k (2022: £23k), with no outstanding balances at the date of signing these accounts.

At 30 September 2023 the amounts owing to Rhondda Cynon Taff County Borough Council Local Government Pension Scheme and the Teachers' Pension Scheme were £517k (2022: £638k) and £97k (2022: £84k) respectively. These relate to the amounts payable for the September payroll.

All outstanding balances are unsecured and cash settlement is due within 30 days of invoice. No guarantees are given or received.

25 MEMBERS' LIABILITY

The Company was incorporated as being limited by guarantee and therefore has no share capital. The liability of the members is limited to £1 each.

26 CASH FLOW STATEMENT

Reconciliation of net income to cash generated by operations:

Group	Year ended 30 Sept 2023 £'000	Year ended 30 Sept 2022 £'000
Net income before tax for the year	4,757	3,807
Adjustments for:		
Interest receivable	(1,535)	(284)
Taxation	-	29
Amortisation charges	289	510
Depreciation charges	695	641
Loss on sale of tangible fixed assets	50	113
Decrease in value of investments	22	277
Operating cash flow before movement in working capital	4,278	5,093
Increase in debtors	(532)	(331)
Increase in creditors	269	1,031
Difference between pension charge and cash contributions	(3,890)	1,490
(Increase) / decrease in stock	(42)	176
Cash generated by operating activities	83	7,459