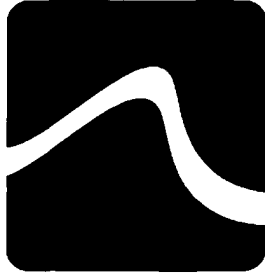


dysgu am oes



learning for life

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD  
CYMRU) COLEG HARLECH, COLEG HARLECH  
WORKERS' EDUCATIONAL ASSOCIATION (NORTH  
WALES)**

**Annual Report and Financial Statements**  
For The Period Ended 31 December 2013

**Registered Company Number: 00226336**  
**Registered Charity Number: 525785**

Coleg Harlech WEA(N)  
Harlech  
Gwynedd LL46  
2PU

[www.harlech.ac.uk](http://www.harlech.ac.uk)



# **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

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# **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

## **Operating and Financial Review**

### **(a) NATURE, OBJECTIVES AND STRATEGIES**

The Governing Body is pleased to present its annual report and the audited financial statements for the period ended 31 December 2013.

#### **Legal status**

The Association was formed on 1 August 2001 by the merger of two of Wales' oldest adult education bodies: the Workers' Educational Association (North Wales), established in 1925, and Coleg Harlech, established in 1927, which is the continuing legal entity.

The Association is a company limited by guarantee (registered company number 00226336), and a charity registered with the Charity Commission (registration number 525785). There are no subsidiary companies.

The Association's financial statement reflects the inclusion of what was, previously, a separately registered charity, 'Bursaries and Scholarships Fund (Wales)' (registration number 1011730) which was consolidated into the main Association registration (525785) in the year commencing 1 August 2007 under a new scheme approved by the Charity Commission in September 2007.

The Association is a designated institution under the Further and Higher Education Act 1992, and so is subject to regulation by the Welsh Government [WG] through its Department of Education and Skills [DfES] which is its largest source of funding.

#### **Mission**

The Association has continued the tradition of both predecessor organisations by working in the field of liberal arts adult education to enable individuals to develop their capacity to learn and fulfil their potential. It has also enlarged this by developing vocational education and training, including providing opportunities for socially and educationally disadvantaged adults.

The Association's mission is:

*To enable adults and their families to enhance their life chances and employability by increasing their capacity for learning through the provision of high quality education in residential and community settings, with a due regard to the Welsh language and culture.*

#### **Overview**

The Association's financial period was extended by 5 months to 31 December 2013 to take into account the forthcoming merger with WEA South Wales on 10 January 2014. As a result of the merger the accounts are not prepared on a going concern basis and the narrative within the statements has been simplified.

# **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

## **Operating and Financial Review**

### **(a) NATURE, OBJECTIVES AND STRATEGIES (continued)**

#### **Implementation of the strategic plan**

In May 2008 the Association adopted a strategic plan for the period 1 August 2011 to 31 July 2012. Due to the merger these objectives were extended up to the merger date. The Governing Body monitors the performance of the Association against these plans and the plans are reviewed and updated each year. The Association's strategic aims are to:

1. Ensure the highest standard of learner achievement through the continuous pursuit of excellence.
2. Provide all learners with high quality, effective teaching and learning experience.
3. Diversify the curriculum in Harlech in response to emerging agendas.
4. Target the provision and services effectively and efficiently to support the needs of disadvantaged learners, communities and voluntary organisations.
5. Provide a bilingual learning environment.
6. Develop effective partnerships at local, regional, national and international levels (interface with WG).
7. Respond to the needs of indigenous industries by creating effective learning pathways to support the regeneration of the economy.
8. Ensure that the Human Resources Strategy meets the needs of the Association within a competitive environment and changing legal environment.
9. Provide a safe and well-resourced environment for delivering educational and business objectives, within available resources.
10. Continuously improve performance by ensuring that all staff evaluate quality and raise standards.
11. Develop effective and integrated information systems to inform strategic and management decisions.
12. Maintain standards of excellence in governance and management across the Association.
13. Maintain the long term financial viability of the Association through setting challenging but achievable financial targets involving managers across the Association. Exercise a high order of financial control, supported by improvements in financial systems and reporting.
14. Improve and maintain an enterprise culture within the Association and maximise funding from a variety of sources.
15. Develop a culture which promotes equality of opportunity encouraging all to fulfil their potential.
16. Promote bilingualism across the Association.
17. Health and Safety: ensure the health and safety at work of all its staff, volunteers, students and visitors at its own and hired premises.

# **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

## **Operating and Financial Review**

### **Implementation of the strategic plan (continued)**

The Association's targets for 2012/13 and their achievement is summarised below:

- a) NPFS funded units: 84,107 WCEUs [Weighted Credit Equivalent Units];
- b) Student completion: 93%
- c) Finance: operating surplus of £34,000

### **Financial objectives**

The Association's financial objectives include:

- the achievement of an annual operating surplus;
- the diversification of its sources of funding, on a selective basis, consistent with the Association's core competencies, and the need for a financial contribution to the Association's overall finances;
- the generation of sufficient levels of income to support the asset base of the Association;
- maintaining and improving the Association's shorter term liquidity;
- funding continued capital investment.

*A series of performance indicators have been agreed to monitor progress towards attainment of the objectives.*

### **Performance indicators**

WG-DfES continues to measure further education performance in terms of contribution to national targets and each further educational institution is required to submit its three-year Strategic Plan and its Provision Development Plan which is reviewed each year. The Provision Development Plan focuses on three headline targets:

- Progress against the previous year's Weighted Credit Equivalent Units;
- Deployment of WCEUs across the programme areas;
- Deployment of WCEUs across age groups.

# **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

## **Operating and Financial Review**

### **(b) FINANCIAL POSITION**

#### **Financial results**

The Association generated an operating surplus in the year of £34,000 (2011/12: deficit of £828,000).

The Association's financial health category with Welsh Government is currently category D. The Association has been working within a recovery plan since October 2012.

The Association has an accumulated income and expenditure reserve, excluding pension reserves, of £162,000 (2011/12: £39,000) and cash balances of £100,000 (2011/12 £50,000).

Tangible fixed asset additions during the year amounted to £30,000 (2011/12 £35,000).

#### **Treasury policies and objectives**

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

The Association's policy has been to avoid short or long term borrowing.

#### **Cash flows**

The net cash outflow from operating activities was £1,123,000 (2011/12 outflow of £1,397,000).

#### **Liquidity**

The Association has no short or long term borrowing.

### **(c) CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

#### **Student Numbers**

The Association's main source of funding is the National Planning and Funding System (NPFS) grant from the Welsh Government. The funding is based on the number of funding units generated, the main component of which is the Weighted Credit Equivalent Units (WCEUs). Funding has also been obtained from other sources, including from the European Union.

The student statistics table below demonstrates performance over the past 6 years in terms of student numbers and WCEUs, including Welsh for Adults provision funded via the Welsh Language Centres from 2007/08.

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

**Operating and Financial Review**

**(c) CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)**

	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
NPFS Weighted Credit Equivalent Units (WCEUs) EYFESS	84,107	63,427	61,791	52,933	54,713	52,738
Welsh for Adults via Welsh for Adults Centres	12,568	9,912	6,275	6,560	4,989	4,486
WCEUs Total	96,675	73,339	68,066	59,493	59,702	57,224

The table below shows the change in student numbers from 2009/10 to 2012/13.

	2012/13	2011/12	2010/11	2009/10
Full time	72	49	102	92
Part time	8,100	6,614	5,344	5,094
Total	8,172	6,663	5,446	5,186
Full Time Equivalent	484	826	784	533

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

**Operating and Financial Review**

**(c) CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)**

**Student Retention**

Prior years have been revised to reflect the current basis.

	2012/13			2011/12			2010/11			2009/10		
	Enrolments	Completion	%	Enrolments	Completion	%	Enrolments	Completion	%	Enrolments	Completion	%
Full time	80	52	65	34	28	82	102	66	65	92	70	77
Part time	20,483	19,139	93	17,547	15,940	91	13,892	12,938	93	13,693	12,393	91
Total	20,563	19,191	93	19,581	15,968	91	13,994	13,004	93	13,785	12,463	90

**Payment Performance**

The Late Payment of Commercial Debts (Interest) Act 1998 requires Further Educational institutions to make payments to suppliers within 30 days of either: the provision of goods or services; or the date on which the invoice was received, unless other terms have been agreed. The Act provides businesses with a statutory right to claim interest on late payment of commercial debt. The Association incurred no interest charges in respect of late payment for this period.

**Post Balance Sheet Events**

On 10<sup>th</sup> January 2014, Coleg Harlech WEA (North Wales) merged with WEA South Wales to form WEA Cymru. The assets and liabilities of Coleg Harlech were transferred to the new company on that date.



## **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

### **Operating and Financial Review**

#### **PRINCIPAL RISKS AND UNCERTAINTIES:**

The Association has established systems of internal control (including financial, operational and risk management) that are designed to protect the Association's assets and reputation, and it is undertaking further work to strengthen and embed its controls. The newly agreed and implemented Recovery Plan looks to a merged future with financial viability and sustainability. However, should the merger with WEA South Wales either be delayed or fail, the Association has mitigated its risk by having a standalone Business Plan in place to continue the provision viably and sustainably. This stand alone Business Plan assumes that WG-DFES will continue as a principal source of funding.

The Governing Body considers and approves the Association's Business Risk Management Annual Review each year, which includes the Risk Management Strategy and the Risk Register which is linked to the Strategic Plan. The Risk Register identifies: the key risks; the likelihood of those risks occurring; their potential impact on the Association; and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The Association's risk management group reviews the risks to which the Association is exposed and identifies systems and procedures, including specific preventable actions, which should mitigate any potential impact on the Association. The Audit Committee reviews the risk register at each meeting. Risks that may arise as a result of a new area of work are also considered.

The principal risk the Association faces is the need to secure a financially viable future either as part of a merged organisation or as a standalone entity. In addition to this risk, the Association also faces risks in respect of student numbers, as these drive the Association's main funding. Failure to recruit and retain students could result in a reduction in funding.

#### **(d) STAKEHOLDER RELATIONSHIPS**

In line with other further educational institutions and universities, Coleg Harlech Workers' Educational Association (North Wales) has many stakeholders. These include:

- Students
- Welsh Government – DfES
- Other WG departments
- Voluntary and community organisations
- Staff
- Small businesses
- Local authorities
- Local communities across north and mid Wales
- Other FE institutions, including project partners
- Trade unions

The Association recognises the importance of these relationships and engages in regular communication with them.

## **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

### **Operating and Financial Review**

#### **Equal opportunities and employment of disabled persons**

The Association is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The Association's Equal Opportunities Policy is published on the Association's Internet site:  
[www.harlech.ac.uk](http://www.harlech.ac.uk).

The Association welcomes all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Association continues. The Association's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

#### **Disability statement**

The Association seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001.

- a) The Association has addressed all category A and B items in access audit of further education institutions in Wales in 2001. A number of category C and D items have been addressed and the Association plans to address the remaining items subject to funding.
- b) The Association maintains a list of specialist equipment which can be made available for use by full time students.
- c) The admissions policy for students is described in the Association's recruitment material.
- d) The Association has made a significant investment in the appointment of specialist staff to support full time students with learning difficulties and/or disabilities.
- e) Counselling and welfare services are described in the Coleg Harlech Student Handbook, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**  
**Operating and Financial Review**

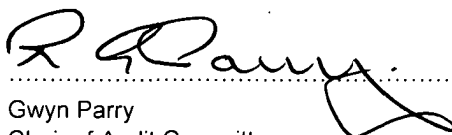
**Professional advisers**

<b>Financial statement and regularity auditors:</b> J T Thomas & Co, 70 High Street, Criccieth, Gwynedd, LL52 0HB	<b>Internal auditors:</b> McLintocks 2 Hilliards Court Chester Business Park Chester CH4 9PX
<b>Banker:</b> Barclays Bank High St, Harlech LL46 2YA	<b>Solicitors:</b> Aaron and Partners LLP 5-7 Grosvenor Street Foregate Street Chester CH1 1HG

**Disclosure of information to auditors**

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

Approved by order of the members of the Governing Body on 15<sup>th</sup> December 2014 and signed on its behalf by:

  
.....  
Gwyn Parry  
Chair of Audit Committee

# **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

The Association is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the Association has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied. In the opinion of the Governors, the Association complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the period ended 31 December 2013.

### **The Governing Body**

The members who served on the Governing Body during the year and up to the date of signature of this report were as listed below:

Governor	Date Appointed	Term of Office	Date of Resignation	Status of Appointment	Committee(s) Served and Offices Held
Mr Jon Parry	Before 2001	4 years twice extended, then extended to date of merger	-	Director	Chair of Governing Body, Finance and General Purposes (Chair), Remuneration (Chair), Search & Governance
Mr Alwyn Rowlands	11-Sep-09	4 years, extended to date of merger	-	Director	Vice Chair of Governing Body, Member of Audit (until 30 November 2013), Search & Governance
Mr Gwyn Parry	04-Jul-08	4 years, extended to date of merger	-	Director	Audit (Chair)
Mr Trefor Fôn Owen	01-Nov-10	Until date of merger	09-Jan-14	Principal (ex officio) / Director	Finance & General Purposes, Search & Governance, Remuneration, Quality
Mr Barrie Buels	18-Mar-05	4 years, extended to date of merger	28-Jun-13	Director	Finance and General Purposes
Mr Bob Clowes	24-Jun-11	4 years	-	Director	
Mr Ian Cuthbertson	12-Mar-03	4 years extended, then extended again to date of merger	-	Director	Finance and General Purposes

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

<b>Governor</b>	<b>Date Appointed</b>	<b>Term of Office</b>	<b>Date of Resignation</b>	<b>Status of Appointment</b>	<b>Committee(s) Served and Offices Held</b>
Ms Alison Hill	14-Dec-07	4 years, extended to date of merger	-	Director	Finance and General Purposes, Remuneration, Search & Governance
Ms Nicola Holmes	02-Jul-10	4 years	-	Director and Staff Governor	
Mr John Jones	30-Jun-06	4 years, extended to date of merger	-	Director	Audit
Mr Rhys Parry	18-Mar-05	4 years, extended to date of merger	-	Director	Audit
Dr Brec'hed Piette	04-Jul-08	4 years extended to date of merger	-	Director	
Mr Dafydd Rhys	01-Jul-08	4 years, then re-elected for a second term to date of merger	-	Director and Staff Governor	
Mrs Carys Williams (formerly Wigglesworth)	02-Jul-10	4 years	06-Dec-13	Director and Staff Governor	
Ms Tracey Jones	01-Jul-12	4 years, or to date of merger	-	Director	Audit
Mr Huw Williams	15-Jun-01	4 years twice extended, then extended to date of merger	-	Director	
Mr Emlyn Thomas	18-Mar-05	4 years, extended to date of merger	-	Director	Quality, Health and Safety (Chair)
Ms Gail Dervish	01-Oct-12	4 years, or to date of merger	12-Feb-13	Director	Finance and General Purposes
Ms Geraldine Jenson	01-Oct-12	4 years, or to date of merger	16-Mar-13	Director	

## **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body is provided with regular and timely information on the overall financial performance of the Association together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Governing Body meets at least once each term.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are Finance and General Purposes, Remuneration, Search & Governance, and Audit. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available from the clerk to the Governing Body at :lisa.parkhouse@weacymru.org.uk.

Coleg Harlech Workers' Educational Association (North Wales)  
Coleg Harlech  
Harlech  
Gwynedd  
LL46 2PU

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

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**  
**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

**The Governing Body (continued)**

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

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

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

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

**Appointments to the Governing Body**

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a Search Committee, consisting of three members of the Governing Body, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for a term of office not exceeding four years. Governors retiring at the end of their term of office are eligible for reappointment. The Search Committee reviews the appointment of Governors reaching the end of their term of office. Any re-appointment of Governors for a third or subsequent term is only considered following a recommendation by the Search Committee and is exceptional.

During the financial year, the Association's Remuneration Committee comprised of the Chair of the Governing Body, other non-executive members, the Principal and the external co-opted members. The Committee's responsibilities are to make recommendations to the Governing Body on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 December 2013 are set out in Note 7 to the Financial Statements.

**Audit Committee**

The Audit Committee comprises at least three members with no executive responsibility for the management of the Association. The Principal and Chair of the Governing Body are excluded from membership of the Committee. One member of the Committee is co-opted for their particular expertise and does not need to be a member of the Governing Body. The Committee operates in accordance with written terms of reference approved by the Governing Body.

The Audit Committee meets at least twice per annum and provides a forum for reporting by the Association's internal and financial statement auditors, who have access to the Committee for independent discussion. This can be without the presence of Association management. The Committee also receives and considers reports from the Welsh Government as they affect the Association's business.

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

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

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

The Audit Committee also advises the Governing Body on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work. The external auditors are appointed by the Annual General Meeting on the recommendation of the Governing Body.

**Internal Control**

**Scope of responsibility**

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control which supports the achievement of the Association's policies, aims and objectives while safeguarding the public funds and assets for which he is personally responsible. This is in accordance with the responsibilities assigned to him in the Financial Memorandum between the Association and the Welsh Government. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Association policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control was effective during 2012/13 and has been in place up to the date of approval of the Annual Report and Accounts.

**Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Association is exposed together with the operating, financial and compliance controls which have been implemented to mitigate those risks. The Governing Body is of the view that there were weaknesses in the formal ongoing processes for identifying, evaluating and managing the Association's significant risks during 2011/12 due to the breakdown in internal controls referred to above. A new system has been implemented during 2012/13 and has been in place up to the date of approval of the Annual Report and Accounts.



**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)  
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

**The risk and control framework**

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

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

**Review of effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The review of effectiveness has been undertaken by the Acting Principal as Accounting Officer, in coordination with the review of the Principal and the Governing Body. The review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors.
- The work of the managers within the Association who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the Association's financial statements auditors, the internal auditors and audit service of the Welsh Government in their management letters and other reports.

The Acting Principal has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor. A plan to address weaknesses and ensure continuous improvement of the system is in place.

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)**

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training.

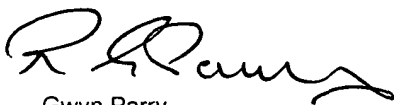
The Senior Management Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Governing Body's agenda includes a periodic item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

The Governing Body has carried out the annual assessment for the year ended 31 July 2012 by considering documentation from the Senior Management Team and internal audit, and by taking account of events since 31 July 2011. Following the investigation it has become apparent that the level of assurances given by the internal auditors were at odds with reality therefore the internal auditors have not been re engaged and new auditors will be appointed to supervise and report on internal controls up to and beyond merger.

**Going Concern**

The Governing Body has considered the future of the Association in the light of the current financial difficulties it is facing.

The Association merged with WEA South Wales on the 10<sup>th</sup> January and as a result is not operating on a going concern basis. The merger involved the formal dissolution of the Association with a transfer of the operations, assets and liabilities to the new organization at book value.



Gwyn Parry  
Chair of Audit Committee  
15<sup>th</sup> December 2014

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)  
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE GOVERNING BODY**

The members of the Governing Body are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the WG-DfES and the Association, the Governing Body, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions which give a true and fair view of the state of affairs of the Association and the result for that year.

In causing the financial statements to be prepared, the Governing Body have tried to ensure that based on information received by the Acting Principal:

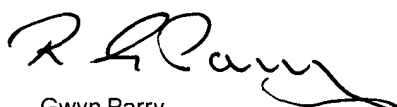
- Suitable accounting policies are selected and applied consistently.
- Judgements and estimates are made that are reasonable and prudent.
- Applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Governing Body is also required to prepare an operating and financial review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the Association.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps reasonably open to it in order to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Approved by order of the members of the Governing Body on 15<sup>th</sup> December 2014 and signed on its behalf by:



Gwyn Parry  
Chair of Audit Committee

# **CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH, COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

## **Independent Auditors' Report to the Governing Body of Coleg Harlech Workers' Educational Association (North Wales)**

We have audited the financial statements of Coleg Harlech Workers Educational Association (North Wales) (the Association) for the period year ended 31 December 2013 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of historical cost surpluses and deficits, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report, including the opinions, is made solely to the Association's members, as a body, in accordance with Article 18 of the college's articles of government and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF THE GOVERNING BODY AND THE AUDITORS**

As explained more fully in the Statement of responsibilities of the members of the Governing Body, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the Operating and Financial Review and the financial statements in accordance with, the Accounts Direction issued by the Welsh Government, the statement of Recommended Practice- Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances, and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006;

**CYMDEITHAS ADDYSG Y GWEITHWYR (GOGLEDD CYMRU) COLEG HARLECH,  
COLEG HARLECH WORKERS' EDUCATIONAL ASSOCIATION (NORTH WALES)**

- have been prepared in accordance with the Statement of Recommended Practice- Accounting for Further and Higher Education; and
- have been prepared in accordance with the Accounts Direction issued by the Welsh Government.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Operating and Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

**OPINION ON OTHER MATTERS PRESCRIBED IN THE FURTHER EDUCATION AUDIT CODE OF PRACTICE 2007 ISSUED BY THE WELSH GOVERNMENT**

In our opinion, in all material respects:

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Max Thomas  
Senior Statutory Auditor

For and on behalf of J T Thomas & Co, Statutory Auditor 70 High Street, Criccieth, Gwynedd, LL52 0HB

Date: 15 December 2014

# Income and Expenditure Account for 17 month period ended 31 December 2013

		Notes	
		2013	2012
		£'000	£'000
<b>INCOME</b>			
WG-DfES NPFS Grant	2	3,755	2,824
Tuition fees and education contracts	3	476	229
Other grants and contracts	4	848	772
Other income	5	199	149
Endowment Funding	18	436	975
Investment income	6	30	-
Profit on Disposal of Fixed Assets		375	-
Interest receivable		-	17
<b>Total income</b>		<b>6,119</b>	<b>4,966</b>
<b>EXPENDITURE</b>			
Staff costs	7	3,875	3,445
Redundancy costs	7	54	-
	7	3,929	3,445
Other operating expenses	9	1,933	2,178
Depreciation	11	208	171
Pension interest cost	10	15	-
Interest payable	10	-	-
<b>Total expenditure</b>		<b>6,085</b>	<b>5,794</b>
Surplus / (Deficit) on continuing operations after depreciation of assets and before tax		34	(828)
Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		34	(828)
<b>Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and tax</b>		<b>34</b>	<b>(828)</b>
<b>Surplus / (Deficit) for the year retained within general reserves</b>		<b>34</b>	<b>(828)</b>

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

## Statement of Historical Cost Surpluses and Deficits for the Period Ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Surplus / (Deficit) on continuing operations before taxation		34	(828)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	19	56	40
<b>Historical cost surplus / (deficit) for the year before taxation</b>		<b>90</b>	<b>(788)</b>
<b>Historical cost surplus / (deficit) for the year after taxation</b>		<b>90</b>	<b>(788)</b>

## Statement of Total Recognised Gains and Losses for the Period Ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and tax		34	(828)
Actuarial (loss)/gain in respect of pension scheme	26	373	(698)
Revaluation (loss)/gain in respect of fixed assets	11	-	(65)
Net Movement on Endowments	18	481	(1,078)
<b>Total recognised (losses)/gains for the year</b>		<b>888</b>	<b>(2,669)</b>

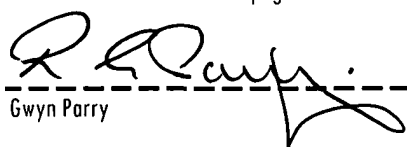
### Reconciliation

Opening reserves and endowments	(163)	2,506
Total recognised gains for the year	888	(2,669)
<b>Closing reserves and endowments</b>	<b>725</b>	<b>(163)</b>

## Balance sheet as at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	11	1,014	1,470
<b>Total fixed assets</b>		<b>1,014</b>	<b>1,470</b>
Endowment assets	12	1,020	539
<b>Current assets</b>			
Stocks		-	6
Debtors	13	241	387
Investments	25	1	1
Cash at bank and in hand	25	100	50
<b>Total current assets</b>		<b>342</b>	<b>444</b>
Less: Creditors — amounts falling due within one year	14	(409)	(900)
<b>Net current assets</b>		<b>(67)</b>	<b>(456)</b>
<b>Total assets less current liabilities</b>		<b>1,967</b>	<b>1,553</b>
Less: Provisions for liabilities	15	(102)	(121)
<b>Net assets excluding pension (liability)</b>		<b>1,865</b>	<b>1,432</b>
Net pension (liability)	20,26	(766)	(1,104)
<b>NET ASSETS INCLUDING PENSION (LIABILITY)</b>		<b>1,099</b>	<b>328</b>
<b>Deferred capital grants</b>	17	<b>376</b>	<b>491</b>
Permanent endowments		<b>870</b>	<b>105</b>
Expendable endowments		<b>150</b>	<b>434</b>
<b>Total endowments</b>	18	<b>1,020</b>	<b>539</b>
Income and expenditure account excluding pension reserve		<b>162</b>	<b>39</b>
Pension reserve	20,26	(766)	(1,104)
Income and expenditure account including pension reserve	20	(604)	(1,065)
Revaluation reserve	19	<b>307</b>	<b>363</b>
<b>Total reserves</b>		<b>(297)</b>	<b>(702)</b>
<b>TOTAL</b>		<b>1,099</b>	<b>328</b>

The financial statements on pages 26 to 54 were approved by the Governing Body on 15th December 2014 and were signed on its behalf on that date by:

  
Gwyn Parry

Chairman of the Audit Committee

Registered Company Number : 00226336

Registered Charity Number : 525785



## Cash Flow Statement for the Period Ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Cash inflow/(outflow) from operating activities	21	(1,123)	(1,379)
Returns on investments and servicing of finance	22	30	-
Capital expenditure and financial investment	23	649	597
Management of liquid resources	24	494	658
<b>Increase in cash in the year</b>		<b>50</b>	<b>(124)</b>

### Reconciliation of net cash flow to movement in net funds

Increase in cash in the period		50	(124)
Cash outflow from liquid resources		19	(658)
<b>Movement in Net funds in the period</b>		<b>69</b>	<b>(782)</b>
Net funds at 1 August 2012		51	833
<b>Net funds at 31 December 2013</b>	25	<b>120</b>	<b>51</b>

## Notes to the Accounts

### 1. Accounting policies

#### Statement of accounting policies

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

#### Basis of preparation

These financial statements have been prepared on a break up basis and in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards being the United Kingdom General Accounting Principles ("UK GAAP") and the Companies Act 2006. They conform to guidance published by the WG-DfES in the Accounts Direction to further education institutions 2012/13.

The Governors have adopted the break up basis for preparing the accounts. The merger with WEA (South), to form WEA Cymru, took place on 10th January 2014 and the Association ceased to trade as of that date. The assets and liabilities of the Association transferred to the WEA Cymru, at book value, on the merger date.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and endowments.

#### Recognition of income

The recurrent grants from WG-DfES represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

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

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

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

## Notes to the Accounts *(continued)*

### 1. Accounting policies *(continued)*

#### Notes to the Accounts *(continued)*

##### Post retirement benefits

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

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi employer pension scheme. The Association is unable to identify its share of the underlying assets and liabilities of the scheme and they therefore do not appear on the Balance Sheet of the Association.

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

The WEAPS liabilities and contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method, so as to spread the cost of pensions over employees' working lives with the Association in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll under FRS 17.

Under the definitions set out in the Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the WEAPS is a multi-employer pension scheme. The Association is unable to identify its share of the underlying assets and liabilities of the scheme and they therefore do not appear on the Balance Sheet of the Association.

##### Enhanced Pensions

The actual cost of any enhanced ongoing pension to former members of staff is paid by the Association annually. An estimate of the expected future costs of any enhancement to the ongoing pension of former members of staff has been charged in full to the Association's income and expenditure account in the year that the staff member retires.

##### Tangible fixed assets

###### *Land and buildings*

Land and Buildings acquired prior to 1993 are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since then are included in the balance sheet at cost. Buildings are depreciated over their expected useful economic life to the Association of up to 40 years. Land is not depreciated. The Association has a policy of depreciating major adaptations to buildings over 20 years and minor adaptations over 10 years, or where shorter the period of their useful economic life. A full year's depreciation charge is applied in the first year and none in the year of disposal.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

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

On adoption of FRS15, the Association followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

## **1. Accounting policies *(continued)***

### ***Equipment***

Library books are maintained at an initial valuation and are not depreciated due to the expected life due to care and maintenance being indefinite.

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

Equipment is depreciated over its useful economic life as follows. A full year's depreciation charge is applied in the first year and none in the year of disposal.

- building improvements — 10 or 20 years on a straight-line basis
- technical equipment — 5 years on a straight-line basis
- motor vehicles — 5 years on a straight-line basis
- computer equipment — 3 years on a straight-line basis
- furniture, fixtures and fittings — 5 years on a straight-line basis.

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

### **Investments**

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

The net endowment income is treated as a new endowment in the year it is recognised.

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

### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

## **1. Accounting policies *(continued)***

### **Taxation**

The Association is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the Association is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

### **Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

### **Provisions**

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

### **Agency arrangements**

The Association acts as an agent in the collection and payment of WG-DfES Coleg Harlech Bursary Fund and the Financial Contingency Fund. Related payments received from the WG-DfES and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 31, except for the £6,000 (2012: £6,000) of the WG Coleg Harlech Bursary Fund and the 3% of the Financial Contingency Fund grant payment received which is available to the Association to cover administration costs relating to the funds.

### **Status**

The Association is a company limited by guarantee and does not have a share capital. The liability of each member is limited to a sum not exceeding one pound.

**Notes to the Accounts (continued)**

<b>2. Welsh Government Grant Income</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
National Planning and Funding System Grant	<b>3,149</b>	2,206
Other Non Recurrent Funding	-	2
Releases of Deferred Capital Maintenance Grants	<b>60</b>	29
Release of Deferred Capital Grants	<b>117</b>	55
Special Learning Difficulties and Disabilities Funding	<b>28</b>	28
Welsh for Adults Funding	<b>397</b>	250
Bilingualism Project	-	33
Dynamo	<b>4</b>	97
Engagement Gateway Project	-	124
<b>Total</b>	<b>3,755</b>	<b>2,824</b>

<b>3. Tuition fees and education contracts</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Tuition fees	<b>421</b>	229
Summer Schools and Short Courses	<b>55</b>	-
<b>Total</b>	<b>476</b>	<b>229</b>

<b>4. Other Grant and Contract Income</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
The Big Lottery Fund - Open Minds	<b>52</b>	271
Dyfodol	<b>203</b>	85
Intermediate Labour Market Income	-	323
Essential Skills	<b>104</b>	-
Jobs Growth Wales	<b>187</b>	-
Other grants and contracts	<b>275</b>	74
Total Revenue Grants	<b>821</b>	753
Release from Deferred Capital Grants (other than WG-DfES)	<b>27</b>	19
<b>Total</b>	<b>848</b>	<b>772</b>

**Notes to the Accounts (continued)**

**5. Other Income**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Catering and residence	<b>81</b>	<b>99</b>
Donations and subscriptions	<b>3</b>	<b>2</b>
Sundry income	<b>115</b>	<b>38</b>
Insurance	<b>-</b>	<b>10</b>
<b>Total</b>	<b>199</b>	<b>149</b>

**6. Endowment and Investment Income**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Income from endowments	<b>30</b>	<b>-</b>
<b>Total</b>	<b>30</b>	<b>-</b>

## Notes to the Accounts (continued)

### 7. Staff Costs

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

	2013 Number	2012 Number
Teaching staff	64	71
Non teaching staff	49	51
	<u>113</u>	<u>122</u>

#### Staff costs for the above persons

	2013 £'000	2012 £'000
Wages and salaries	3,282	2,975
Social security costs	197	163
Pension costs (note 27)	396	307
<b>Payroll sub total</b>	<b>3,875</b>	<b>3,445</b>
Redundancy costs	54	-
	<u>3,929</u>	<u>3,445</u>

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind during the 17 month period, in the following ranges was:

	Senior post-holders	
	2013 Number	2012 Number
£0 to £10,000	-	-
£10,001 to £20,000	-	-
£20,001 to £30,000	-	-
£30,001 to £40,000	-	-
£40,001 to £50,000	-	1
£50,001 to £60,000	-	-
£60,001 to £70,000	-	-
£70,001 to £80,000	1	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1
	<u>2</u>	<u>2</u>



## Notes to the Accounts *(continued)*

### 7. Senior post-holders' emoluments

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Association

	2013 Number	2012 Number
The number of senior post-holders including the Principal was:	2	2
Senior post-holders' emoluments are made up as follows:	2013 £'000	2012 £'000
Salaries	158	124
Pension contributions	22	18
<b>Total emoluments</b>	<b>180</b>	<b>142</b>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	2013 £'000	2012 £'000
Salary	87	75
Pension contributions	22	18
<b>Total emoluments</b>	<b>109</b>	<b>93</b>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and Gwynedd Council's Local Government Superannuation Fund, which are paid at the same rate as for other employees.

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

## Notes to the Accounts (continued)

### 8. Overseas Activities

During the period ended 31 December 2013 and the previous year there was no expenditure on overseas activities incurred by or on behalf of any Governors, senior postholders or other individuals.

### 9. Other Operating Expenses

	Total 2013 £'000	Total 2012 £'000
Teaching costs	639	673
Non teaching costs		
- Other Teaching support	18	19
- Marketing	72	175
- Premises costs	507	386
- Catering and residence costs	54	127
- Administration and central services	121	424
- Auditors' remuneration:		
- External Audit	20	71
- Other services provided by the external auditor for Due Diligence work on WEA (South)	-	6
- Internal audit	8	24
Impairment of endowment assets	-	97
Bad Debt Provision	30	-
Other	464	176
<b>Total</b>	<b>1,933</b>	<b>2,178</b>

## Notes to the Accounts (continued)

10. Interest Payable	2013 £'000	2012 £'000
Pension finance costs (note 26)	15	-
<b>Total</b>	<b>15</b>	<b>-</b>

## 11. Tangible Fixed Assets

	Freehold Land £'000	Freehold Buildings £'000	Equipment £'000	Motor Vehicles £'000	Heritable Assets £'000	Total £'000
<b>Cost or valuation</b>						
At 1 August 2012	210	2,562	1,253	13	114	4,152
Additions	-	16	14	-	-	30
Disposals	-	(322)	(16)	(6)	(114)	(458)
<b>At 31 December 2013</b>	<b>210</b>	<b>2,256</b>	<b>1,251</b>	<b>7</b>	<b>-</b>	<b>3,724</b>
<b>Accumulated Depreciation</b>						
At 1 August 2012	-	1,483	1,190	9	-	2,682
Disposals	-	(164)	(10)	(6)	-	(180)
Charge for the year	-	165	40	3	-	208
<b>At 31 December 2013</b>	<b>-</b>	<b>1,484</b>	<b>1,220</b>	<b>6</b>	<b>-</b>	<b>2,710</b>
<b>Net book value at 31 December 2013</b>	<b>210</b>	<b>772</b>	<b>31</b>	<b>1</b>	<b>-</b>	<b>1,014</b>
Net book value at 31 July 2012	210	1,079	63	4	114	1,470

The Association's land and property assets were valued by a firm of chartered surveyors on 22 May 2008 at £2,195,000 market value in accordance with Royal Institute of Chartered Surveyors' valuation standards. However the transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values on transition to FRS 15 have been retained.

## Notes to the Accounts *(continued)*

### 12. Endowments Assets

	2013 £'000	2012 £'000
<b>Balance at 1 August 2012</b>	<b>539</b>	<b>1,617</b>
Revaluation	142	-
Net (impairment)/appreciation in funds	775	(97)
Assets received in cash in year	(436)	(981)
<b>Balance at 31 December 2013</b>	<b>1,020</b>	<b>539</b>
<b>Represented by:</b>		
Equities (listed) and investment funds	851	514
Cash and short term deposits	19	-
Land	150	8
Rare Books	-	17
	<b>1,020</b>	<b>539</b>

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

### 13. Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	73	145
Prepayments and accrued income	168	242
<b>Total</b>	<b>241</b>	<b>387</b>

## Notes to the Accounts *(continued)*

### 14. Creditors: Amounts Falling Due Within One Year

	2013 £'000	2012 £'000
Trade Creditors	86	453
Project Holding Accounts	-	52
Partner Control Funds	-	1
Pensions & Payroll Deductions	26	90
Staff Related Holding Accounts	-	2
Student Financial Contingency Funds	31	4
Other Student Related Lodged Funds	9	12
Other taxation and social security	45	62
Accruals	212	224
<b>Total</b>	<b>409</b>	<b>900</b>

### 15. Enhanced Pension Provision

	2013 £'000	2012 £'000
<b>At 1 August 2012</b>	<b>121</b>	<b>84</b>
Expenditure in the year	(19)	(13)
Charge on reassessment of provision required	-	50
<b>At 31 December 2013</b>	<b>102</b>	<b>121</b>

## Notes to the Accounts *(continued)*

### 16. Enhanced Pension Provision

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

### 17. Deferred capital grants

	<b>WG- DfES</b>	<b>Other grants</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 August 2012	341	150	491
Cash received	27	-	27
Released to income and expenditure account			
- Capital Maintenance Funding	(60)	-	(60)
- Write-down against depreciation	(82)	-	(82)
<b>Total at 31 December 2013</b>	<b>226</b>	<b>150</b>	<b>376</b>

Notes to the Accounts (continued)

18. Endowments

Period Ended 31 December 2013

	Works of Art Fund	Bursaries & Scholarships Fund	Hardship Fund	Books, Prizes & Learning Support Materials Fund	General Purposes Fund	Buildings Fund	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 August 2012 as previously stated</b>	17	116	59	33	51	263	539
Additional Legacy	-	-	-	712	-	-	712
Asset Revaluation	-	142	-	-	-	-	142
Asset Disposal	(17)	-	-	-	-	-	(17)
Appreciation of Endowment Investments	-	14	(25)	19	6	40	54
Investment Income for year	-	3	2	17	2	6	30
Draw down from Endowments	-	(73)	(35)	-	(21)	(307)	(436)
Investment Management Expenses	-	(1)	(1)	-	-	(2)	(4)
<b>At 31 December 2013</b>	-	201	-	781	38	-	1,020
<b>Split of Endowments</b>							
Endowments Fixed Assets	-	51	-	781	38	-	870
Endowments Investments	-	150	-	-	-	-	150
	-	201	-	781	38	-	1,020

Year Ended 31 July 2012

	Works of Art Fund	Bursaries & Scholarships Fund	Hardship Fund	Books, Prizes and Learning Support Materials Fund	General Purposes Fund	Buildings Fund	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 1 August 2011 as previously stated</b>	87	762	252	34	95	387	1,617
Impairment of Endowment	(70)	(13)	(4)	(1)	(2)	(7)	(97)
Appreciation of Endowment Investments	-	-	-	-	-	-	-
Investment Income for year	-	-	-	-	-	-	-
Draw down from Endowments	-	(630)	(188)	-	(42)	(115)	(975)
Charitable Expenditure for Year	-	-	-	-	-	-	-
Investment Management Expenses	-	(3)	(1)	-	-	(2)	(6)
<b>At 31 July 2012</b>	17	116	59	33	51	263	539
<b>Split of Endowments</b>							
Endowments Fixed Assets	-	39	-	28	38	-	105
Endowments Investments	17	77	59	5	13	263	434
Endowments Investments	17	116	59	33	51	263	539

**Notes to the Accounts (continued)**

**19. Revaluation reserve**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August 2012</b>	<b>363</b>	<b>468</b>
Transfer from Revaluation Reserve to General Reserve in respect of:		
Depreciation on revalued assets	(56)	(40)
Revaluation of fixed assets		(65)
<b>At 31 December 2013</b>	<b>307</b>	<b>363</b>

**20. Movement on Income and Expenditure reserves**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income and expenditure account reserve</b>		
<b>At 01 August 2012 as previously stated</b>	<b>(1,065)</b>	<b>421</b>
Surplus/(deficit) retained for year	34	(828)
Transfer from Revaluation Reserve	54	40
Actuarial Gain in respect of Pension Scheme	373	(698)
<b>At 31 December 2013</b>	<b>(604)</b>	<b>(1,065)</b>
<b>Balance represented by (excluding transfers between funds)</b>		
Pension Reserve (note 26)	(766)	(1,104)
Income & Expenditure Account Reserve excluding pension reserve	162	39
<b>At 31 December 2013</b>	<b>(604)</b>	<b>(1,065)</b>



## Notes to the Accounts *(continued)*

### 21. Reconciliation of operating (deficit)/surplus to net cash inflow from operating activities

	Note	2013 £'000	2012 £'000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation		34	(828)
Depreciation	11	208	171
Profit on Sale of Fixed Assets		(374)	-
Deferred Capital Grants released to income	2	(177)	(117)
Interest payable	10	15	-
Interest receivable		-	(17)
Draw down from endowments	18	(436)	(975)
FRS 17 pension cost less contributions payable		(35)	(9)
(Increase)/decrease in stocks		6	2
(Increase)/decrease in debtors		146	4
Increase/(decrease) in creditors (excluding movement in bank overdraft)		(491)	353
Increase/(decrease) in provisions:		(19)	37
<b>Net cash inflow / (outflow) from operating activities</b>		<b>(1,123)</b>	<b>(1,379)</b>

### 22. Returns on investments and servicing of finance

	2013 £'000	2012 £'000
Income from endowments	30	-
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>30</b>	<b>-</b>

## Notes to the Accounts *(continued)*

### 23. Capital expenditure and financial investment

	2013	2012
	£'000	£'000
Purchase of tangible fixed assets	(30)	(35)
Deferred Capital Grants Received	27	86
Proceeds from Sale of Fixed Assets	652	546
<b>Net cash (outflow) / inflow from capital expenditure and financial investment</b>	<b>649</b>	<b>597</b>

### 24. Management of liquid resources

	2013	2012
	£'000	£'000
Withdrawals from deposits	-	229
Drawdowns from endowments	475	-
Movement in endowment assets	19	429
<b>Net cash inflow/(outflow) from management of liquid resources</b>	<b>494</b>	<b>658</b>

## Notes to the Accounts *(continued)*

### 25. Analysis of changes in net funds

	At 1 Aug 2012	Cash flows	Other changes	At 31 Dec 2013
	£'000	£'000	£'000	£'000
Cash in hand, and at bank	50	50	-	100
Endowment asset investments	-	19	-	19
Overdrafts	-	-	-	-
	<b>50</b>	<b>69</b>	<b>-</b>	<b>119</b>
Current Asset investments	1	-	-	1
<b>Total</b>	<b>51</b>	<b>69</b>	<b>-</b>	<b>120</b>

### 26. Pension and similar obligations

The Association's employees belong to two principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Gwynedd Council. Additionally a few former employees of the Workers' Educational Association (North Wales) are in the Workers Education Association Pension Scheme (WEAPS), which is administered by The Pensions Trust.

The TPS, LGPS and WEAPS are all defined benefit schemes and are contracted out of the State Second Pension.

<b>Total pension cost for the year</b>	<b>2012/13</b>	<b>2011/12</b>
Teachers Pension Scheme: contributions paid	103	90
Local Government Pension Scheme:		
- Contributions paid	277	139
- FRS 17 charge	(35)	(9)
	<b>242</b>	<b>130</b>
WEA Pension Scheme		
- Contributions paid	51	37
Enhanced pension charge to Income and Expenditure Account (staff costs)	-	51
<b>Total Pension Cost for Year</b>	<b>396</b>	<b>308</b>

## Notes to the Accounts *(continued)*

### 26. Pension and similar obligations *(continued)*

#### a) Teachers' Pension Scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

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

Accordingly, the Association has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Association has set out above the information available on the scheme and the implications for the Association in terms of the anticipated contribution rates.

## Notes to the Accounts *(continued)*

### 26. Pension and similar obligations *(continued)*

#### b) Gwynedd Council's Local Government Pension Scheme

The Gwynedd Council LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 December 2013 was £ 277,000 (2012 - £182,000), of which employer's contributions totalled £225,000 (2012: £139,000) and employees' contributions totalled £52,000 (2012: £43,000). The agreed contribution rates for future years are: employers 21.5% (2012: 20.1%) and for employees between 5.8% and 7.8% (2012: 5.5 and 7.5%) of pensionable pay depending on pay band.

	2013	2012
Price increases	2.90%	2.20%
Rate of increase in salaries	4.70%	4.50%
Rate of increase for pensions in payment / inflation	6.20%	2.20%
Discount rate for liabilities	4.60%	4.10%

The 1% rate of salary increase is until 31 March 2015.

Commutation of pensions to lump sums: An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

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

	31 Dec 2013	31 July 2012
<i>Current Pensioners</i>	years	years
Males	22.00	20.50
Females	24.00	23.00
<i>Future pensioners</i>	years	years
Males	24.40	23.30
Females	26.60	25.60

# Notes to the Accounts (continued)

## 26 Pension and similar obligations (continued)

### b) Gwynedd Council's Local Government Pension Scheme (continued)

The Association's share of the assets (valued at estimated bid values) and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 December 2013	Value at 31 December 2013	Long-term rate of return expected at 31 July 2012	Value at 31 July 2012
		£'000		£'000
Equities	6.90%	3,446	5.50%	2,602
Bonds	4.00%	699	2.80%	542
Property	5.10%	419	3.70%	325
Cash	4.00%	93	2.80%	145
<b>Coleg Harlech WEA asset share</b>		<b>4,657</b>		<b>3,614</b>
Present value of scheme liabilities				
- Funded		(5,421)		(4,716)
- Unfunded		(2)		(2)
Related deferred tax liability		-		-
<b>Net (Liability) in the scheme</b>		<b>(766)</b>		<b>(1,104)</b>

### Analysis of the amount charged to income and expenditure account

	2013 £'000	2012 £'000
Employer service cost (net of employee contributions)	(184)	(130)
Past service cost gain	-	-
<b>Total operating charge</b>	<b>(184)</b>	<b>(130)</b>

### Analysis of pension finance income / (costs)

	2013 £'000	2012 £'000
Expected return on pension scheme assets	277	230
Interest on pension liabilities	(292)	(213)
<b>Pension finance income / (costs)</b>	<b>(15)</b>	<b>17</b>
Past service cost gain	-	-
<b>Pension finance (costs) / income</b>	<b>(15)</b>	<b>17</b>

## Notes to the Accounts *(continued)*

### 26. Pension and similar obligations *(continued)*

#### b) Gwynedd Council's Local Government Pension Scheme *(continued)*

##### Amount recognised in the statement of total recognised gains and losses (STRGL)

	2013 £'000	2012 £'000
Actual return less expected return on pension scheme assets		
Actuarial gains/ (losses) on employer assets	714	(227)
Actuarial gains/ (losses) on scheme liabilities	(341)	(471)
Actuarial gains/ (losses)	<u>373</u>	<u>(698)</u>

The Association's share of the assets and liabilities in the scheme and the expected rates of return were:

	2013 £'000	2012 £'000
Deficit in scheme at 1 August 2012	(1,104)	(432)
Movement in year:		
Employer service cost	(184)	(130)
Employer contributions	225	139
Past service cost	-	-
Net interest/return on assets	(15)	17
Actuarial gain	373	(698)
Losses / (Gains) on Curtailment	(61)	-
<b>Deficit in the scheme at 31st December 2013</b>	<u><b>(766)</b></u>	<u><b>(1,104)</b></u>

In June 2010, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The Association considered the LGPS regulations and information provided to new Association pension fund members and has now concluded that this constitutes a change in benefit and gives rise to past service cost amendment that has been taken to the income and expenditure account.

## Notes to the Accounts *(continued)*

### 26. Pension and similar obligations *(continued)*

#### b) Gwynedd Council's Local Government Pension Scheme *(continued)*

Reconciliation of Liabilities	2013 £'000	2012 £'000
<b>Liabilities at start of period</b>	<b>4,718</b>	<b>4,018</b>
Service cost	184	130
Interest cost	292	213
Employee contributions	52	43
Experience gains & losses on scheme liabilities		
Actuarial	341	471
Losses / (Gains) on Curtailment	61	-
Estimated benefits paid	(225)	(157)
Reduction from change to CPI from RPI	-	-
<b>Liabilities at end of period</b>	<b>5,423</b>	<b>4,718</b>
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	<b>3,614</b>	<b>3,586</b>
Expected return on assets	277	230
Actuarial gain	714	(227)
Employer contributions	225	139
Employee contributions	52	43
Estimated benefits paid	(225)	(157)
<b>Assets at end of period</b>	<b>4,657</b>	<b>3,614</b>

The Association's share of the assets and liabilities in the scheme and the expected rates of return were:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Value of assets	4,657	3,614	3,586	3,081
Experience gains and (losses) on scheme liabilities:	-	(54)	54	-
Present value of liabilities	5,423	4,718	4,018	3,969
Actuarial gains/(losses) recognised in STRGL	373	(698)	441	33



## Notes to the Accounts *(continued)*

### 26. Pension and similar obligations *(continued)*

#### c) Workers' Education Association Pension Scheme

The Workers' Educational Association Pension Scheme (WEAPS) is the national pension scheme for the Workers' Educational Associations. This scheme was open to the employees of the former WEA (North Wales) and three current employees remain in the scheme.

It is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The agreed contribution rates for future years are greater than or equal to 11.6% (25.2% 2012) for the employer and for employees 5% if aged 30 or under and 7% for over 30.

#### Principal Actuarial Assumptions

	2013	2012
Rate of increase in salaries	0.0%	5.0%
Rate of increase for pensions in payment / inflation	5.6%	5.6%
Discount rate for liabilities	5.3%	5.3%

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the WEA Pension Scheme is a multi-employer pension scheme with 373 (2012: 373) members. The Association has 8 (2012: 8) members in the scheme, 3 (2012: 4) current and 5 (2012: 4) former employees, and is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Association has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Association has set out above the information available on the scheme and the implications for the Association in terms of the anticipated contribution rates.

## **Notes to the Accounts *(continued)***

### **27 Post-balance sheet events**

Since the Association's balance sheet date of 31 December 2013, the Association merged with WEA South on 10th January 2014 to create an All Wales body for the provision of Adult Community Learning - WEA Cymru.

### **28 Contingent liability**

Under the terms of the Financial Memorandum the Association is liable to repay to the Welsh Government any funds received if the Association fails to comply with any terms and conditions which were attached to the funds. The Governors are not aware of any instances where the Association has failed to comply with the terms and conditions attaching to these funds and therefore do not consider that any material amounts will become repayable. The Association has also received European Funding during the year and previous years, which is subject to similar repayment provisions. The Governors consider it unlikely that any material liability will arise as a result of the repayment provisions attaching to these grants.

### **29 Related party transactions**

**Caia Park Partnership Ltd** - the Chief Officer is Alison Hill, who is a Governor of the Association. It is a community development organisation in Wrexham, whose accommodation is used for the Association's educational provision and as an area office.

Purchase transactions in the year amounted to £ 16,535.52 (2011/12 : £27,291.94).

### **30 Operating Leases**

The Association did not hold any operating leases for the financial year 2012/13 (2011/12:nil)

## Notes to the Accounts (continued)

### 31. Amounts disbursed as agent

#### a) Bursaries

	2013		2012	
	£'000	£'000	£'000	£'000
Brought Forward 1 August 2012		-		-
Received in Year		71		99
		<u>71</u>		<u>99</u>
<b>Less Disbursements in Year</b>				
Long Course Bursaries	30		52	
Short Course Bursaries	27		32	
Child Care	-		9	
Student Grant Officer	6		6	
		<u>63</u>		<u>99</u>
<b>Carried Forward 31 December 2013</b>		<u>8</u>		<u>-</u>

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

#### b) Financial Contingency Fund

	2013		2012	
	£'000	£'000	£'000	£'000
Brought Forward 1 August 2012		4		7
Received in Year		63		37
		<u>67</u>		<u>44</u>
<b>Less Disbursements in Year</b>				
Students	44		37	
Repayments to WG	-		3	
		<u>44</u>		<u>40</u>
<b>Carried Forward 31 December 2013</b>		<u>23</u>		<u>4</u>

WG's Financial Contingency Fund (formerly Access Fund) grants are available solely for students; the Association acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.