

**WJEC CBAC LIMITED**

**Registered Number: 3150875**

**Charity Number: 1073332**

**A Company Limited by Guarantee**

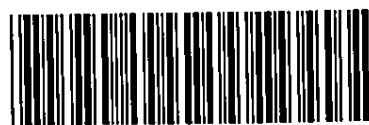
**REPORT OF DIRECTORS AND TRUSTEES**

**&**

**GROUP ACCOUNTS**

**30 September 2007**

THURSDAY



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COMPANIES HOUSE

## CONTENTS

	PAGE
Legal and administrative information	1-2
Report of Directors and Trustees	3-8
Independent Auditors' Report	9
Group Statement of Financial Activities and Income and Expenditure Account	10
Group Balance Sheet	11
Company Balance Sheet	12
Group Statement of Cash Flows	13
Note of Historical Cost Surpluses and Deficits	13
Notes to the Accounts	14-31

# LEGAL AND ADMINISTRATIVE INFORMATION

**REGISTERED NAME** WJEC CBAC LIMITED

**REGISTERED CHARITY NUMBER** 1073332

**REGISTERED COMPANY NUMBER** 3150875

## BOARD OF DIRECTORS AND TRUSTEES

CHAIR OF BOARD – Councillor A D Hampton (to 1/6/2007), Councillor J W Turner (from 22/6/2007)

VICE CHAIRS OF BOARD – Councillor J W Turner (to 22/06/2007), Councillor A G Jones

	Strategy and Resources Committee	Audit Committee	Examinations & Assessment Committee	National Youth Orchestra of Wales Advisory Panel	National Youth Theatre of Wales Advisory Panel	Directors of Subsidiary
Councillor R C Bithell			✓			
Councillor G Clark		✓				
Councillor J M Davies	✓					
Councillor A M Day	✓		✓ (from 22/6/07)			
Councillor D W Edwards (from 5/12/2007)		✓				
Councillor E P Foley	✓					
Councillor M Forey						
Councillor P Fox						✓
Councillor N Gibbs (from 1/6/2007)	✓			✓		✓
Councillor A D Hampton (to 1/6/2007)	Chair		✓			
Councillor D I Hardacre		✓				✓
Councillor A Holloway			✓			
Councillor D I Howells	✓					✓ Chair (from 22/6/2007)
Councillor A G Jones		Chair		Vice Chair, Chair (from 22/6/07)	Vice Chair	
Councillor I Jones			✓			
Councillor P Jones ( to 1/12/2006)		✓				
Councillor L W Kelloway						✓
Councillor D Owens	✓					
Councillor R H Poole					Chair	
Councillor G Richards (to 21/9/2007)		✓				
Councillor J Rogers	✓			Chair (to 22/6/07)		✓
Councillor R Thomas		✓				
Councillor R E Thomas		Vice Chair				
Councillor J W Turner	Vice Chair, Chair (from 22/6/2007)		✓			Chair ( to 22/06/2007)
Councillor J Vaughan (from 21/9/2007)		✓				

The above table shows the Board of Directors and Trustees during the year and up to the date of the signing of these accounts

The WJEC Board of Directors is comprised of nominees from the local authorities in Wales

**SECRETARY AND REGISTERED OFFICE**

Colin Weaver  
245 Western Avenue  
Llandaff  
CARDIFF  
CF5 2YX

**AUDITORS**

PricewaterhouseCoopers LLP  
One Kingsway  
CARDIFF  
CF10 3PW

**BANKERS**

Barclays Bank PLC  
Cardiff Business Centre  
PO Box 674  
121 Queen Street  
CARDIFF  
CF10 2XU

**SOLICITORS**

Geldard LLP  
Dumfries House  
Dumfries Place  
Cardiff  
CF10 3ZF

**STATUS**

WJEC CBAC Limited is a registered charity and a company limited by guarantee. It 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 and inherited the assets and liabilities of that former organisation on 1 April 1996. The company became a registered charity on 15 January 1999.

The trustees, who are also directors of the company for the purposes of the Companies Act, are pleased to present their annual report together with the audited group accounts for the year ended 30 September 2007

Legal and administrative information is set out on pages 1 to 2 and forms part of this report. The group accounts comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the UK, the Statement of Recommended Practice (SORP 2005) and the Charities Act 1993

## **OBJECTIVES OF THE CHARITY**

### **Mission Statement**

The charity's purpose is to provide high quality public qualifications, resources and services which will assist schools and colleges in enabling individuals to fulfil their potential

### **Corporate Objectives**

- To develop, promote and provide appropriate systems of assessment and examinations to serve the needs of educational institutions, and recognise individual achievement
- To support and enhance the development of the Welsh language and culture of Wales
- To produce high quality resources to meet the needs of teachers and learners of all ages and abilities
- To support all Wales approaches in nurturing and developing talents through arts and education including the National Youth Orchestra and National Youth Theatre
- To continue to manage the resources of WJEC efficiently and effectively

## **REVIEW OF THE ACTIVITIES AND FUTURE DEVELOPMENTS**

The Examinations department continued to build upon its recent successes. Entries for the AS examination were 65,600 (59,555 - 2006), an increase of 10.2%, while the A level examination attracted approximately 47,900 entries, (2006 – 44,657), an increase of 7.3%. GCSE subject entries again showed an increase of 8.2% on the previous year with a total entry of 536,503 (495,989 - 2006). In addition to its management of examinations WJEC continued to manage the contract to moderate Key Stage 3 teacher assessments in Wales. The Welsh Baccalaureate progressed from pilot to phased roll-out for Intermediate and Advanced awards post-16, whilst pilots commenced for Foundation 14-19 and Intermediate 14-16. The charity's commitment to supporting schools and colleges was underpinned by an extensive range of assessment related INSET courses (in 2006/2007 291 events across Wales and England) which were attended by 7,789 delegates. During the year, WJEC was awarded a new three-year contract to manage the National Grid for Learning Cymru (NGfL Cymru), which continues to expand its range of on-line curriculum resources appropriate to the needs of teachers and pupils. New emphases include the early years ("foundation") phase and vocational education.

The success of WJEC's examinations portfolio in both Wales and England has provided a sound platform for developing and marketing a new suite of GCE AS and A Level specifications for first teaching from September 2008. These are being accompanied by comprehensive Teacher's Guides, together with support resources that are being developed through the Examinations Department's collaboration with NGfL Cymru or with commercial publishers. Development work is also well underway for new specifications in the non-core GCSE subjects, for first teaching from September 2009. Other initiatives include pilot work for Functional Skills in England, and initial steps towards meeting the need in Wales for a wider range of vocational qualifications for the 14-19 age range.

Technology continues to facilitate enhancements to the services which WJEC is able to provide to stakeholders. Our secure website has been developed to provide a much wider range of applications for exams officers in schools and colleges, and also for subject teachers. This includes the provision of data about their students' examinations performance at the level of individual questions in an increasing range of subjects. After a period of development work, WJEC is also now embarking on a wider range of on-screen assessment applications, that will lead to this facility being available for some GCSE and GCE examinations at the turn of the decade.

The charity has a three year Service Level Agreement with all local authorities in Wales for the provision of the charity's services in respect of educational resources and the expressive arts. In the context of the Welsh-language Teaching and Learning Resources Scheme WJEC has continued to develop an increasingly productive commissioning partnership with DCELLS, contributing to the full cycle from needs identification and contract allocation by tender to quality assurance of commissioned materials. Although the Service Level Agreement funding is directed at Welsh-medium resource provision, the WJEC/DCELLS partnership enables delivery of appropriate materials in both Welsh and English where there is an agreed resource need to support the delivery of the curriculum in Wales. The current commissioning programme spans and includes the resource needs of both the new WJEC GCE AS and A Level specifications and the primary school Foundation Phase.

The National Welsh In-Service Training (INSET) Programme arranged four national conferences, attended by a total of 263 delegates whilst the National INSET Programmes arranged 78 INSET sessions on behalf of local authorities.

The summer season of events of the National Youth Theatre of Wales, the National Youth Orchestra of Wales and National Youth Dance was again extremely successful. The Orchestra completed a summer concert tour that included highly acclaimed concerts in Aberystwyth, Bangor and Cardiff. At the end of August, the Orchestra travelled to Ischia in Italy, by special invitation from Lady Walton (widow of Sir William Walton) presenting the closing concert of the summer concert series. The Youth Theatre toured to Aberystwyth, Mold and Cardiff presenting nine public, bilingual performances of *Café Cariad*, written by Greg Cullen and Tim Price. The nature of the National Youth Dance Wales differed from previous years concentrating on the production of a DVD recording of a new work by its Artistic Director Henn Oguike.

The consolidated statement of financial activities for the year is set out on page 10 of the group accounts. The charity's income increased from £24,777k to £27,249k. The increase amounting to 10% is a significant achievement with the core examination business again having an excellent year. The operating surplus for the year was £3,629k compared to last year's surplus of £3,224k. There is a further net gain recognised of £2,078k (2006 £603k) from a reduction in the estimated liability of the pension scheme resulting in an overall surplus of £5,707k (£3,827k 2006).

The charity contributes to the Rhondda Cynon Taf Local Government pension scheme which is treated as a defined benefit scheme for the purposes of Financial Reporting Standard 17 – Retirement Benefits. Note 21 to the accounts gives the disclosure required by FRS 17. As with many organisations the application of FRS 17 has resulted in the disclosure of a pension liability for the company. The Board are fully aware of the position and a stepped increase in the employers' contributions is already being implemented to reverse this liability.

After recognising for some time that the office buildings at WJEC's Western Avenue site no longer provide an appropriate working environment, construction work commenced in September 2007 on a £12m redevelopment scheme which will provide new office accommodation for up to 250 staff, improved access from the highway, a suite of nine meeting rooms and car parking for some 170 vehicles. The scheme has been designed by Capita Percy Thomas, the main contractors are Willmott Dixon, and the quantity surveyors the Roger Richards partnership. The redevelopment is being completed in two phases, with the first phase scheduled to be occupied in November 2008, prior to demolition of the existing office buildings leading to completion of the scheme by August 2009. The sustainability emphasis in the design principles includes natural ventilation arrangements for most parts of the building, and a green travel plan has been developed in consultation with the local authority.

Immediately prior to commencing the Western Avenue scheme, a £2m programme of improvement and extension works had been completed at WJEC's Trefforest premises, providing much needed increases in the areas available for storage and despatch of question papers and improvements in the working environment. The scheme design was undertaken by Boyes Rees, and the construction managed by Mowlems (now Carillion). The construction of additional offices and meeting rooms have allowed some staff and activities to be temporarily relocated to Trefforest whilst the Western Avenue site is redeveloped.

On the basis of an updated business plan for 2007-2010 the Board believes that at this time it is reasonable to assume that the charity has adequate resources to continue to be a major and effective provider of education services and that it remains appropriate to adopt the going concern basis in preparing the accounts.

**GROUP STRUCTURE**

The charity has a subsidiary, WJEC CBAC Services Limited ("the subsidiary")

**WJEC CBAC Services Limited**

The subsidiary was established in 1996, prior to the registration of WJEC CBAC Ltd as a charity to provide specialist printing and publication services to support the charity's core functions. In the early years of trading the subsidiary required financial support from the WJEC and a working balance was in place at the date of the registration of the WJEC as a charity.

The Board is pleased to report that the subsidiary made a profit of £5k for the year (2006 - £200k) before Gift Aid and taxation. The subsidiary made a donation of £71k (2006-£59k) to the charity by means of Gift Aid.

Six of the charity's directors are also directors of the subsidiary and review the activities of the subsidiary at their Board meetings. The financial performance of the subsidiary will be kept under review with an objective of ensuring its ongoing profitable performance.

**CORPORATE GOVERNANCE AND MANAGEMENT**

In September 2004 the Board of Directors and Trustees and Chief Executive reviewed the structure of the sub-committees and decided, in the interest of efficiency and effectiveness, to set up a revised committee structure. This structure, outlined below, has not altered in 2007 and membership of these committees is noted on page 1.

The Board of Directors and Trustees comprises a representative from each of the 22 local authorities in Wales and met 5 times in the year to 30 September 2007. The Board is responsible for the administration of the charity, sets the tone and influences the culture of risk management within the organisation and reviews annually the charity's approach to risk management. Controls are in place and monitored to mitigate these risks and these underpin the internal control process of the charity. All the sub-committees and advisory panels provide full, regular and prompt reports to the Board.

On appointment each Trustee is provided with the Memorandum and Articles of Association of the Company and issued with an outline of their responsibilities and additional background information on the main activities of the Charity. They are also required to be registered as a director of the company at Companies House and declare any other directorships. If there is a large turnover in trustees, then a more formal induction programme is implemented.

The Strategy and Resources Committee (S&R Committee) comprises eight trustees of the charity, including the Chair and Vice-Chair of the charity, with none of these trustees being also members of the Audit Committee. The S&R Committee met 4 times during the year. The S&R Committee is required to consider general strategy and policy matters of the charity and make recommendations on these to the Board. It also oversees the day to day management of the affairs of the charity including finance, estates, human resources, information technology and health and safety.

The Audit Committee's duty is to review the annual accounts and other financial statements before their submission for Board approval. It is also charged with planning and monitoring the work of internal audit, considering the appointment of the external auditor and reviewing the findings of external audit. The Audit Committee comprises six trustees, none of whom are members of the S&R Committee. At least one member should have a background in finance, accounting or auditing. The external auditors have the right to attend the meetings. This Committee met 3 times during the year.

The Examinations and Assessment Committee has 27 members, 21 representatives of bodies connected with education in Wales, 5 trustees of the charity and 1 assessor. This Committee deals with all matters relating to general or vocational examinations, assessment and qualifications. The Examinations and Assessment Committee met 3 times during the year.

The charity manages both the National Youth Orchestra of Wales and the National Youth Theatre of Wales and advisory panels have been set up to assist with this. The National Youth Orchestra of Wales and National Youth Theatre of Wales Advisory Panels comprise 22 and 20 members respectively of which 2 on each panel are

trustees of the charity and the remainder are representatives across a wide spectrum of arts and education bodies in Wales. The panels are required to consider the Orchestra and Theatre's general artistic progress and profile within Wales and beyond and to offer a general evaluation of the artistic outcomes each year.

The Strategic Management Team (SMT) comprises Gareth Pierce, Chief Executive, Derec Stockley, Director of Examinations and Assessment, Colin Weaver, Director of Finance & Estates, Bob Rees, Director of ICT & Print Services, Beverley Green, Human Resources Manager, and Ceri Thomas, Marketing & Communications Manager.

SMT, which generally meets on a fortnightly basis, is responsible for the management of the day to day operations and for comprehensive monitoring and reporting. The risk matrix is compiled by SMT and helps to facilitate the identification, evaluation, management and monitoring of the charity's risks, both significant and other. This document is reviewed regularly by the SMT and quarterly by the Strategy & Resources Committee.

## **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 to the charity and operations under the charity's control.

In pursuance of this the charity has appointed a trustee to engage specifically with Health and Safety matters. There is also a Health and Safety Committee comprising a trustee with delegated responsibility from the Board, the Chief Executive, Director of Finance and Estates, Human Resources Officer, 2 Health and Safety Officers and 3 Health and Safety representatives from Unison that meets periodically. Following annual Health and Safety audits a Health and Safety Plan is produced through which the progressive improvements are implemented. The Health and Safety Committee reports to the Strategy and Resources Committee.

## **RESERVES**

The charity's policy on restricted reserves is to separately record donation, grants and other sources of income 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 should be equivalent to 6 months of resources expended in examinations, excluding certain direct costs, in order to ensure that the charity meets its commitment to clients and also that sufficient reserves are retained to ensure that the charity's accommodation and other operational resource requirements are fulfilled in the future. Over the next two financial years, the capital programme to redevelop the Western Avenue site will make significant inroads into the liquidity of the accumulated free reserves, which amounted to £7,760k at 30 September 2007. Thereafter, it is intended that reserves should be re-established in line with the charity's policy.

## **INVESTMENTS**

The investments of the charity are managed according to the powers defined within its constitution. The only investments held by the charity during the year were 3,000 3½% War Bonds which are stated at market value in the accounts at 30 September 2007. The annual interest on the bonds provides a prize for a member of the National Youth Orchestra of Wales.



## **CHANGES IN FIXED ASSETS**

The movements in fixed assets during the year are set out in note 13 to the group accounts

## **DIRECTORS AND THEIR INTERESTS**

The directors and trustees who held office during the year are shown on pages 1 and 2

## **RELATED PARTIES**

WJEC CBAC Ltd is owned and controlled by the 22 local authorities in Wales who also appoint the directors and trustees. These authorities are charged directly for services in respect of the Service Level Agreement which relates to Educational Resources the Welsh-language Teaching and Learning Resources Scheme, the National Welsh/Welsh-medium INSET programmes, English in Wales and the Expressive Arts (see note 4 to the group accounts)

## **EMPLOYEES INVOLVEMENT**

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 meetings of the Joint Staff Group (JSG), and a Joint Consultative Committee (JCC) is convened for matters which require the involvement of company directors. Communications with employees continue through staff bulletins, briefing groups and the distribution of the annual report. New arrangements for cascading internal communications through team briefing meetings are currently being piloted. Procedures are currently in place to ensure that employees are aware of the financial performance of their business units and of the company as a whole.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required by charity law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the group and of the surplus or deficit of the group as at the end of the financial year.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 2007. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each of the directors at the time the report is approved are aware:

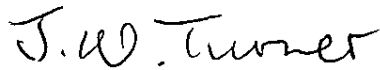
- there is no relevant information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**REPORT OF DIRECTORS AND TRUSTEES - Continued**

**AUDITORS**

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of PricewaterhouseCoopers LLP as auditors of the charity is to be proposed at the next annual general meeting

By order of the Board on 14<sup>th</sup> March 2008

A handwritten signature in black ink, appearing to read 'J.W. Turner'. The signature is written in a cursive, flowing style.

Councillor J W Turner  
Chairman

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WJEC CBAC LIMITED

We have audited the group and parent charity financial statements ("the financial statements") of WJEC CBAC Limited for the year ended 30 September 2007 which comprise the Group Statement of Financial Activities and Income and Expenditure Accounts, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of WJEC CBAC Limited for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 30 September 2007 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Cardiff

Date 2 April 2008

<b>GROUP STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2007</b>
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	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds Year ended 30 09 07 £'000	Total Funds Year ended 30 09 06 As Restated £'000
<b>INCOMING RESOURCES</b>					
<b>Incoming Resources from Generated Funds</b>					
Voluntary Income - Donations and sponsorship		0	28	28	25
Activities for generating funds - Resource and merchandise sales		503	129	632	470
Investment Income - Interest receivable		<u>523</u>	<u>0</u>	<u>523</u>	<u>353</u>
		<b>1,026</b>	<b>157</b>	<b>1,183</b>	<b>848</b>
<b>Incoming Resources from Charitable Activities</b>					
Fee income	3	20,663	703	21,366	19,292
Incoming resources from government and other public bodies	4	<u>940</u>	<u>3,760</u>	<u>4,700</u>	<u>4,631</u>
		<b>21,603</b>	<b>4,463</b>	<b>26,066</b>	<b>23,923</b>
<b>Other incoming resources</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<b>Total Incoming Resources</b>		<b>22,629</b>	<b>4,620</b>	<b>27,249</b>	<b>24,777</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Fundraising Trading cost of goods sold and other costs - Resource and merchandise sales	7	522	19	541	371
<b>Costs of charitable activities</b>					
Examinations	7	18,209	1,780	19,989	17,982
Education Resources & Arts	7	<u>67</u>	<u>2,766</u>	<u>2,833</u>	<u>2,920</u>
		<b>18,276</b>	<b>4,546</b>	<b>22,822</b>	<b>20,902</b>
<b>Governance Costs</b>	7	230	27	257	247
<b>Other Resources Expended</b>	7	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<b>TOTAL RESOURCES EXPENDED</b>	7	<b><u>19,028</u></b>	<b><u>4,592</u></b>	<b><u>23,620</u></b>	<b><u>21,526</u></b>
Tax on profit for year		<u>0</u>	<u>0</u>	<u>0</u>	<u>(27)</u>
<b>Net Incoming Resources Before Other Recognised Gains and Losses</b>		<b>3,601</b>	<b>28</b>	<b>3,629</b>	<b>3,224</b>
Actuarial Gains on Defined Benefit Pension Scheme	22	<u>2,078</u>	<u>0</u>	<u>2,078</u>	<u>603</u>
<b>Net Movement in Funds</b>		<b>5,679</b>	<b>28</b>	<b>5,707</b>	<b>3,827</b>
Total funds brought forward		<u>4,262</u>	<u>456</u>	<u>4,718</u>	<u>891</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>9,941</b>	<b>484</b>	<b>10,425</b>	<b>4,718</b>

The surplus retained by the parent company, WJEC CBAC Limited, amounted to £3,693k (30 September 2006 £3,111k)  
All activities are derived from continuing operations

The notes on pages 14 to 31 form part of these accounts

**GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2007**

	Notes	30 09 07 £'000	30 09 06 £'000
<b>FIXED ASSETS</b>			
Tangible assets	13	6,442	5,419
Investments	14	<u>4</u>	<u>4</u>
		6,446	5,423
<b>CURRENT ASSETS</b>			
Stocks	15	596	534
Debtors	16	2,650	3,201
Cash at bank and in hand		<u>12,319</u>	<u>8,313</u>
		15,565	12,048
<b>CREDITORS Amounts falling due within one year</b>	17	<u>(4,398)</u>	<u>(2,975)</u>
<b>NET CURRENT ASSETS</b>		<u>11,167</u>	<u>9,073</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,613	14,496
<b>CREDITORS Amounts falling due after one year</b>	18	0	(272)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	20	<u>(15)</u>	<u>(395)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		17,598	13,829
Defined Benefit Pension Scheme Liability	22	<u>(7,173)</u>	<u>(9,111)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		10,425	4,718
<b>FUNDS OF THE CHARITY</b>			
<b>Restricted fund</b>	21	484	456
Unrestricted fund			
Charitable funds	21	14,831	10,997
Non-charitable trading fund	21	102	156
Revaluation reserve	21	<u>2,181</u>	<u>2,220</u>
Unrestricted income funds excluding pension liability		17,114	13,373
Pension reserve	21	<u>(7,173)</u>	<u>(9,111)</u>
<b>Total unrestricted funds</b>		<u>9,941</u>	<u>4,262</u>
<b>TOTAL CHARITY FUNDS</b>		10,425	4,718

APPROVED BY THE BOARD ON 14th March 2008  
and signed on their behalf by

*J.W Turner*

Councillor J W Turner  
Chairman

The notes on pages 14 to 31 form part of these accounts

COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2007
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	Notes	30 09 07	30 09 06
		£'000	£'000
<b>FIXED ASSETS</b>			
Tangible assets	13	6,131	5,037
Investments	14	<u>4</u>	<u>4</u>
		6,135	5,041
<b>CURRENT ASSETS</b>			
Stocks	15	266	251
Debtors	16	3,041	3,499
Cash at bank and in hand		<u>12,319</u>	<u>8,400</u>
		15,626	12,150
<b>CREDITORS Amounts falling due within one year</b>	17	<u>(4,265)</u>	<u>(2,896)</u>
<b>NET CURRENT ASSETS</b>		<u>11,361</u>	<u>9,254</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,496	14,295
<b>CREDITORS Amounts falling due after one year</b>	18	0	(272)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	20	<u>0</u>	<u>(350)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		17,496	13,673
Defined Benefit Pension Scheme Liability	22	<u>(6,930)</u>	<u>(8,730)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		10,566	4,943
<b>FUNDS OF THE CHARITY</b>			
<b>Restricted fund</b>	21	484	456
Unrestricted fund			
Charitable funds	21	14,831	10,997
Revaluation reserve	21	<u>2,181</u>	<u>2,220</u>
Unrestricted income funds excluding pension liability		17,012	13,217
Pension reserve	21	<u>(6,930)</u>	<u>(8,730)</u>
<b>Total unrestricted funds</b>		10,082	4,487
<b>TOTAL CHARITY FUNDS</b>		10,566	4,943

APPROVED BY THE BOARD ON 14th March 2008  
and signed on their behalf by

*J W Turner*

Councillor J W Turner  
Chairman

The notes on pages 14 to 31 form part of these accounts

<b>GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2007</b>
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	Notes	30 09 07 £'000	30 09 07 £'000	30 09 06 £'000	30 09 06 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	23		4,891		3,171
<b>Returns on Investments and Servicing of Finance</b>					
Interest paid		(25)		(25)	
Interest received		<u>523</u>		<u>353</u>	
<b>Net cash inflow for returns on investment and servicing of finance</b>			<u>498</u> 5,389		<u>328</u> 3,499
<b>Taxation paid</b>			0		0
<b>Capital Expenditure and Financial Investment</b>					
Purchase of tangible fixed assets			<u>(1,107)</u>		<u>(2,720)</u>
<b>NET CASH INFLOW BEFORE FINANCING</b>			4,282		779
<b>Financing</b>					
Repayment of loan	24		<u>(276)</u>		<u>(4)</u>
<b>NET CASH OUTFLOW FROM FINANCING</b>			<u>(276)</u>		<u>(4)</u>
<b>INCREASE IN CASH IN THE YEAR</b>			4,006		775

<b>NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 30 SEPTEMBER 2007</b>
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	30 09 07 £'000	30 09 06 £'000
Net incoming resources for the year	3,629	3,224
Difference between the historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	<u>(39)</u>	<u>(36)</u>
<b>HISTORICAL COST INCOMING RESOURCES FOR THE YEAR</b>	<b>3,590</b>	<b>3,188</b>

The notes on pages 14 to 31 form part of these accounts

## 1 ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and the Charities Act 1993. A summary of the principal group accounting policies, which have been applied consistently, are set out below.

### Basis of Accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets. During the year, the charity reviewed its accounting policies in accordance with FRS 18.

The charity has adopted the full provisions of FRS 17, this has resulted in the recognition of a pension liability net of deferred tax of £7.2m (2006 - £9.1m) on the face of the balance sheet.

### Basis of Consolidation

The group accounts incorporate the accounts of WJEC CBAC Limited and its subsidiary company, WJEC CBAC Services Limited for the year ended 30 September 2007. The trading results of the subsidiary have been consolidated on a line by line basis within the group statement of financial activities (SOFA). Intra group transactions and profits are eliminated fully on consolidation.

The charity has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 423 of the SORP. The amount of the surplus for the year dealt with in the charity's group accounts is disclosed on page 10.

### Fixed Asset Investments

Fixed asset investments are shown at market value.

### Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or open market existing use valuation.

The charity has chosen to retain the book amounts of its tangible fixed assets. Accordingly the valuation of assets last undertaken as at 1 April 1996 has not been updated and the transitional provisions of FRS 15 – Tangible fixed assets – have been applied.

Depreciation is provided on all tangible fixed assets, with the exception of freehold land, 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:

Office equipment	5 years
Furniture and fittings	5 years
Computer equipment	3 years
Print equipment	7 years
Leasehold buildings	over life of lease
Freehold Buildings	30 years

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



**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value. Materials and consumables are at purchase price. Work in progress and finished goods include the cost of materials and labour plus an appropriate proportion of overheads.

**Leasing and hire purchase commitments**

Where the group enters into a lease which entails taking substantially all the risks and rewards of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the statement of financial activities, and the capital element that reduces the outstanding obligation.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the statement of financial activities on a straight line basis over the life of the lease.

**Incoming resources and deferred income**

Fee income represents fees receivable for the provision of examination, testing and contract services.

Incoming resources from government and other public bodies represents Welsh language and resource services and expressive arts services provided through an agreement with the 22 local authorities in Wales including associated grants and sponsorship together with income to support the Better Schools Fund project, Welsh for Adults examinations, development of the Welsh Baccalaureate and the National Grid for Learning-Cymru, and the reimbursement of costs in respect of assessment through the medium of Welsh.

Resource and merchandise sales include sales of publications and resource material. Other incoming resources include costs recovered and rental income.

Fee income and income from activities for generating funds are credited as income in the year in which they are receivable.

Incoming resources from government and other public bodies are credited as income in the year in which they are receivable. Any unspent elements of restricted funds are carried forward in restricted funds reserves.

**Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of VAT which cannot be recovered.

Resource and merchandise costs represent the expenditure incurred in the operation and management of the charity's bookshop and recording studio, the costs associated with database sales and costs related to sundry external sales. Other resource costs include rent payable on properties for which rent is receivable and costs that are fully recoverable.

Direct charitable expenditure includes all expenditure incurred in pursuance of the charity's objectives. The direct costs of supporting these activities including staff, examiner costs and depreciation together with attributable overheads are separately analysed in Note 7 to the accounts.

**Governance costs**

Attributable overheads consist of central office costs including finance, information technology, accommodation, office management, personnel and training, irrecoverable VAT, depreciation and insurance. Overheads are allocated to departments on the basis of space occupied, staff numbers or best estimate of usage. Governance costs of the charity include salaries and related costs of central administration, audit and legal costs together with their portion of attributable overheads.

**Deferred taxation**

Provision is made 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. Deferred tax assets are recognised where their recovery is more likely than not. Deferred tax is measured on a non-discounted basis.

**Debtors and creditors**

Debtors and creditors have been assessed on the basis of goods and services supplied or received on or before 30 September 2007 for which payment has not been received or made by this date.

**Fund accounting**

Unrestricted 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. Restricted funds are held for a particular purpose within the objectives. Such purposes are within the overall aims of the organisation.

**Restricted Funds**

The charity has identified certain funds that have been classified as restricted:

- Welsh Language & Resource – services provided through an agreement with the 22 local authorities in Wales
- Expressive Arts – services provided through an agreement with the 22 local authorities in Wales together with associated grants and sponsorship
- 3½% War Bonds – annual interest funds a prize for a member of the National Youth Orchestra of Wales
- National Youth Arts Wales – services provided through an agreement with the Arts Council of Wales
- Better Schools Fund – funded by grants received from the Welsh Assembly Government in respect of the National Welsh INSET programmes
- Key Stage 3 Assessments – income received from the Department for Children, Education, Lifelong Learning and Skills (DCELLS), formerly ACCAC
- Welsh Medium Assessment – relates to reimbursement of costs incurred in respect of assessment through the medium of Welsh from DCELLS (formerly ACCAC)
- Modernisation costs - Income from DCELLS (formerly ACCAC) and the National Assessment Agency to fund an ambitious programme of change
- Welsh for Adults – funding is received from DCELLS (formerly ELWa) to fund examinations and resources designed specifically for adult learners
- Welsh Baccalaureate – income received from Welsh Assembly Government to reimburse direct costs expended
- National Grid for Learning-Cymru – income received from Welsh Assembly Government under contract for the development and delivery of digital teaching and learning resources at [www.ngfl-cymru.org.uk](http://www.ngfl-cymru.org.uk)

All restricted funds are represented by short term debtors/creditors and cash.

**Foreign currency translation**

Foreign currency assets and liabilities are expressed in sterling at the exchange rate ruling at the year end. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of financial activities.

**Pension costs**

The company makes contributions to the Rhondda Cynon Taf Local Government Pension Scheme (LGS) and The Teachers Pension Agency (TPA). Both are defined benefit schemes.

LGS funds are administered by Trustees and are held separately from the group. Independent actuaries complete valuations every three years. In accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules and to allow the periodic augmentation of

## NOTES TO THE ACCOUNTS – Continued

current pensions The cost of these and any variations from regular cost arising from actuarial valuations are charged or credited to profits on a systematic basis over the estimated remaining service lives of the employees This is in accordance with FRS 17 - Retirement Benefits, the accounting standard for pension costs The TPA scheme is not funded but guaranteed by Act of Parliament

### Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate

### Taxation

No provision is made for corporation tax in the accounts as it is a registered charity and applies its income and gains for charitable purposes only Provision is made for taxation, as appropriate, in the accounts of the subsidiary

## 2 TRADING SUBSIDIARY'S RESULTS

The charity owns the whole of the ordinary share capital, consisting of 1 ordinary share of £1, of WJEC CBAC Services Limited, which provides printing and publishing services The subsidiary donates its profits to the charity each year by gift aid Its trading results for the year, as extracted from the audited accounts, are summarised below

Profit and Loss Account	Year ended 30 09 07	Year ended 30 09 06
	£'000	£'000
Printing and publishing	1,344	1,391
Direct operational costs	(1,023)	(927)
Administrative expenses	(298)	(232)
Interest Receivable	8	0
Interest payable	(26)	(32)
	(1,339)	(1,191)
Net profit before gift aid	5	200
Gift Aid to parent company	(71)	(59)
Tax on profit on ordinary activities	0	(27)
<b>Retained in the subsidiary</b>	<b>(66)</b>	<b>114</b>

Turnover includes £1,335k (2006 £1,391k) for printing and publishing services to the charity Direct operational costs include £59k (2006 £33k) for accommodation services provided by the charity Interest payable includes £26k (2006 £32k) payable to the charity

The assets and the liabilities of the subsidiary were	30 09 07	30 09 06
	£'000	£'000
Fixed assets	311	382
Current assets	399	429
Liabilities under one year	(320)	(276)
Liabilities falling due after more than one year	(271)	(334)
Provisions for liabilities and charges	(15)	(44)
<b>Net assets excluding pension liability</b>	<b>104</b>	<b>157</b>
Pension liability	(243)	(381)
<b>Net liabilities including pension liability</b>	<b>(139)</b>	<b>(224)</b>
<b>Aggregate capital and reserves</b>	<b>(139)</b>	<b>(224)</b>

3 FEE INCOME

GROUP	Year ended 30 09 07 £'000	Year ended 30 09 06 £'000
Examinations	21,224	19,073
Education Resources & Arts	<u>142</u>	<u>218</u>
	21,366	19,291

4 INCOMING RESOURCES FROM GOVERNMENT AND OTHER PUBLIC BODIES

GROUP	Year ended 30 09 07 £'000	Year ended 30 09 06 As Restated £'000
<b>Examinations</b>		
Government grants	1,483	1,271
Income from government/other public bodies	663	709
<b>Educational Resources &amp; Arts</b>		
Service Level Agreement (Note A)	1,086	1,054
Income from government/other public bodies	1,445	1,583
Other support grants	<u>23</u>	<u>14</u>
	4,700	4,631

**Note A**

Educational Resources & Arts income includes income from the local authorities in Wales via a Service Level Agreement (SLA). The SLA is an agreement to provide services to administer the National Language Unit of Wales, National Youth Orchestra and National Youth Theatre. The prior year comparative figures have been restated as a result of the removal of agency income and expenditure as per Note 6.

5 OTHER INCOMING RESOURCES

GROUP	Year ended 30 09 07 £'000	Year ended 30 09 06 £'000
Rent receivable	0	2
Recovery of costs	<u>0</u>	<u>4</u>
	0	6

6 AGENCY INCOME AND EXPENDITURE

During the year WJEC CBAC Ltd distributed funding to schools and colleges in respect of students enrolled on the Welsh Baccalaureate and for the upgrade of schools' IT systems used by the examination officers on behalf of the Welsh Assembly Government.

As such the charity has acted only as a paying agent of the Welsh Assembly Government and accordingly both the grant received and the related disbursements have been excluded from the Statement of Financial Activities.

During the year the charity received and distributed £2,121k (2006 £1,313k) in respect of students enrolled on the Welsh Baccalaureate and £nil (2006 £510k) in respect of capital grants for the upgrade of schools' examination officers' IT equipment.

# NOTES TO THE ACCOUNTS – Continued

## 6 AGENCY INCOME AND EXPENDITURE - Continued

The following amounts have been excluded from income and expenditure, the amounts shown for the year ended 30 September 2006 have resulted in the amounts shown in the Statement of Financial Activities, income in note 4 and expenditure in note 7 being restated

	Year ended 30 09 07 £'000	Year ended 30 09 06 £'000
<b>Receipts</b>		
Welsh Baccalaureate Implementation Grants	2,121	1,313
Modernisation - Capital Equipment for Exam Officers	<u>0</u>	<u>510</u>
	2,121	1,823
<b>Disbursements</b>		
Welsh Baccalaureate Implementation Grants	2,121	1,313
Modernisation - Capital Equipment for Exam Officers	<u>0</u>	<u>510</u>
	2,121	1,823

## 7 ANALYSIS OF TOTAL RESOURCES EXPENDED

GROUP	Staff £'000	Examiners' Costs £'000	Support Costs £'000	Other £'000	Depreciation £'000	Total £'000
<b>Year ended 30 09 07</b>						
Resources and merchandise	128	0	66	347	0	541
Recovery of costs	0	0	0	0	0	0
Examinations	6,186	10,208	1,564	1,706	325	19,989
Educational Resources & Arts	1,465	128	110	1,087	43	2,833
Governance costs	<u>110</u>	<u>0</u>	<u>37</u>	<u>110</u>	<u>0</u>	<u>257</u>
<b>Total resources expended</b>	<b>7,889</b>	<b>10,336</b>	<b>1,777</b>	<b>3,250</b>	<b>368</b>	<b>23,620</b>
<b>GROUP</b>	<b>Staff £'000</b>	<b>Examiners' Costs £'000</b>	<b>Support Costs £'000</b>	<b>Other £'000</b>	<b>Depreciation £'000</b>	<b>Total £'000</b>
<b>Year ended 30 09 06 as Restated</b>						
Resources and merchandise	92	0	50	229	0	371
Recovery of costs	0	0	0	6	0	6
Examinations	5,703	8,913	1,200	1,992	174	17,982
Educational Resources & Arts	1,295	135	65	1,402	22	2,919
Governance costs	<u>129</u>	<u>0</u>	<u>36</u>	<u>83</u>	<u>0</u>	<u>248</u>
<b>Total resources expended</b>	<b>7,219</b>	<b>9,048</b>	<b>1,351</b>	<b>3,712</b>	<b>196</b>	<b>21,526</b>

Support costs include elements for management, finance, human resources, IT support, telecommunications and accommodation. These are apportioned between the charity's departments on the following bases:

Cost Element	Basis of apportionment
Management, finance and human resources	Number of full time equivalent posts
IT support	Resource usage
Telecommunications	Number of telephone lines and extensions
Accommodation	Floor area of offices occupied

Indemnity insurance for trustees, officers and employees has been arranged at a cost of £9k (2006: £10k) for the year.

# NOTES TO THE ACCOUNTS – Continued

## 8 NET INCOME FOR THE YEAR BEFORE TRANSFERS

GROUP	Year ended 30 09 07	Year ended 30 09 06
This is stated after charging / (crediting) the following	£'000	£'000
Auditors' remuneration - statutory audit of parent company incl consolidation	17	16
- statutory audit of subsidiary	6	6
- taxation services	1	1
- re non statutory audit work	13	11
Other professional fees	155	198
Government and EU grants	(1,550)	(1,781)
Depreciation of owned tangible fixed assets	357	196
Loss on disposal of fixed assets	0	1
Operating lease charges	135	151
Rental income on property	0	(2)
Rental payments on property	0	3
Interest payable (Note 11)	25	28

## 9 PAYMENTS TO TRUSTEES AND DIRECTORS

GROUP	Year ended 30 09 07	Year ended 30 09 06
	£'000	£'000
Directors/Trustees expenses in respect of travel and subsistence	5	7

The trustees receive no remuneration except reimbursement in respect of travel and subsistence. The table that follows shows the number of directors/trustees whose payments of travel and subsistence during the year were within the bands stated

	Year ended 30 09 07	Year ended 30 09 06
	Number	Number
£ Nil	10	9
£ 1 - £ 5,000	15	13

## 10 EMPLOYEE INFORMATION

GROUP	Year ended 30 09 07	Year ended 30 09 06
	£'000	£'000
Wages and salaries	5,980	5,794
Social security costs	483	439
Other pension costs	<u>1,075</u>	<u>952</u>
	<b>7,538</b>	<b>7,185</b>

The average number of full time equivalent employees during the year was

GROUP	Year ended 30 09 07	Year ended 30 09 06
	Number	Number
Resources and merchandise	7	7
Examinations	152	144
Educational Resources & Arts	20	16
Corporate Services	49	43
Management and administration of charity	3	3
Print subsidiary	<u>22</u>	<u>22</u>
	<b>253</b>	<b>235</b>

# NOTES TO THE ACCOUNTS – Continued

## 10 EMPLOYEE INFORMATION - Continued

The number of employees whose emoluments exceeded £50,000 was

	Year ended 30 09 07	Year ended 30 09 06
£50,000 - £60,000	9	7
£60,000 - £70,000	3	2
£70,000 - £80,000	1	0
£80,000 - £90,000	1	1

All these employees have retirement benefits accruing under defined benefit schemes

## 11 INTEREST PAYABLE

GROUP	Year ended 30 09 07 £'000	Year ended 30 09 06 £'000
Mortgage loan interest	25	27

## 12 TAX ON NET INCOMING RESOURCES

The parent company is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried out in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. The tax charge of £27k for 2006 relates entirely to taxation within the subsidiary.

## 13 TANGIBLE FIXED ASSETS

GROUP	Freehold Land and Buildings £'000	Leasehold Buildings £'000	Furniture and Equipment £'000	Total £'000
<b>Cost/Valuation</b>				
At 1 October 2006	5,269	76	1,289	6,634
Additions at cost	1,318	0	74	1,392
Disposals	0	0	(15)	(15)
<b>At 30 September 2007</b>	<b>6,587</b>	<b>76</b>	<b>1,348</b>	<b>8,011</b>
<b>Represented by</b>				
-Valuation at 1 April 1996	2,851	76	101	3,028
-Cost	3,736	0	1,247	4,983
<b>Accumulated depreciation</b>				
At 1 October 2006	460	24	731	1,215
Charge for the year	181	3	184	368
Disposals	0	0	(14)	(14)
<b>At 30 September 2007</b>	<b>641</b>	<b>27</b>	<b>901</b>	<b>1,569</b>
<b>Net Book Amount</b>				
<b>At 30 September 2007</b>	<b>5,946</b>	<b>49</b>	<b>447</b>	<b>6,442</b>
At 30 September 2006	4,809	52	558	5,419

13 TANGIBLE FIXED ASSETS - Continued

If freehold and leasehold 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	
	30 09 07 £'000	30 09 06 £'000	30 09 07 £'000	30 09 06 £'000
Cost	4,048	2,748	1,339	1,272
Aggregated depreciation	<u>(206)</u>	<u>(108)</u>	<u>(893)</u>	<u>(714)</u>
Net Book Amount	3,842	2,640	446	558

COMPANY	Freehold Land and Buildings £'000	Leasehold Buildings £'000	Furniture and Equipment £'000	Total £'000
<b>Cost/Valuation</b>				
At 1 October 2006	5,269	76	692	6,037
Additions at cost	1,318	0	72	1,390
Disposals	<u>0</u>	<u>0</u>	<u>(15)</u>	<u>(15)</u>
At 30 September 2007	6,587	76	749	7,412
<b>Represented by</b>				
-Valuation at 1 April 1996	2,851	76	32	2,959
-Cost	3,736	0	717	4,453
<b>Accumulated depreciation</b>				
At 1 October 2006	460	24	516	1,000
Charge for the year	181	3	111	295
Disposals	<u>0</u>	<u>0</u>	<u>(14)</u>	<u>(14)</u>
At 30 September 2007	641	27	613	1,281
<b>Net Book Amount</b>				
At 30 September 2007	5,946	49	136	6,131
At 30 September 2006	4,809	52	176	5,037

If freehold and leasehold 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	
	30 09 07 £'000	30 09 06 £'000	30 09 07 £'000	30 09 06 £'000
Cost	4,048	2,748	744	679
Aggregated depreciation	<u>(206)</u>	<u>(108)</u>	<u>(608)</u>	<u>(502)</u>
Net Book Amount	3,842	2,640	136	177



**13 TANGIBLE FIXED ASSETS - Continued**

All of the company'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 the WJEC CBAC Limited on a depreciated replacement cost basis with the exception of assets purchased on finance leases which were valued on the basis of discounted future lease payment commitments

**Ownership of tangible fixed assets**

Prior to April 1996 the ownership of the land and buildings occupied by the WJEC was vested in the former Mid Glamorgan County Council on behalf of the former eight LEAs in Wales, because of the restriction on the former Joint Committee to hold ownership in its own right. At the time of the local government reorganisation in April 1996, the ownership was passed to Rhondda Cynon Taff County Borough Council (RCT), on behalf of the 22 new local authorities

The directors of the company understood that the ownership of the property was to be transferred to the company as this was stated in Part 34 of the notes to the Local Government Reorganisation (Wales) (Property) (Amendment) Order 1996. On that basis the directors included the land and property as fixed assets in the accounts

Following the completion of the directors' review of the corporate structure the directors entered into discussions with the Welsh local Government Association (WLGA), RCT and the Welsh Assembly Government to secure the transfer of the legal ownership of the land and property to the company. This was successfully completed in August 2007

**14 FIXED ASSET INVESTMENTS**

**Investment in subsidiary**

The charity owns 100% of the issued share capital of £1 of WJEC CBAC Services Limited, a company registered and trading in Wales. The principal activity of the subsidiary company is the provision of printing and publishing services to the parent company

**Other investments**

The charity owns 3,000 3½ % War Bonds at a value of £4k (2006 £4k). The annual interest on the bonds provides a prize for a member of the National Youth Orchestra of Wales

**15 STOCKS**

	Group		Company	
	30 09 07	30 09 06	30 09 07	30 09 06
	£'000	£'000	£'000	£'000
Stocks of finished goods & materials	523	427	266	251
Work in progress	<u>73</u>	<u>107</u>	<u>0</u>	<u>0</u>
	<b>596</b>	<b>534</b>	<b>266</b>	<b>251</b>

The replacement value of stocks is not materially different to the balance sheet value shown above

## DEBTORS

	Group		Company	
	30 09 07	30 09 06	30 09 07	30 09 06
	£'000	£'000	£'000	£'000
Trade debtors	248	551	248	551
Loan to subsidiary undertaking (see A below)	0	0	334	391
Due from subsidiary undertaking (see B below)	0	0	117	0
Prepayments	51	86	51	50
Accrued income	2,328	2,485	2,291	2,485
VAT recoverable	<u>23</u>	<u>79</u>	<u>0</u>	<u>22</u>
	<b>2,650</b>	<b>3,201</b>	<b>3,041</b>	<b>3,499</b>

A The charity made loans to its subsidiary undertaking of £185k on 31 March 2004, £97k on 31 March 2006 and £175k on 31 July 2006. These loans are secured on print equipment and repayable in 28 instalments of £8k, £4k and £8k respectively, including interest. The final repayments will be made in March 2011, March 2013 and June 2013 respectively. Interest is charged at the rate of 7% per annum. The balance of the loans is repayable as noted below.

	30 09 07	30 09 06
	£'000	£'000
Within 1 year	61	57
1-2 years	66	62
2-5 years	175	195
After 5 years	<u>32</u>	<u>77</u>
	<b>334</b>	<b>391</b>

B The amount due from subsidiary undertaking relates to trading activities between the charity and its subsidiary, recharges from the charity for services and gift aid receivable from the subsidiary. Interest of 5% per annum is charged on a daily basis on this balance. At 30 September 2007 the trading position resulted in a net balance owing from the subsidiary.

## CREDITORS Amounts falling due within one year

	Group		Company	
	30 09 07	30 09 06	30 09 07	30 09 06
	£'000	£'000	£'000	£'000
Trade creditors	1,599	228	1,543	141
Loan (See Note 18A)	0	4	0	4
Amounts due to subsidiary undertaking (See Note 16A)	0	0	0	54
Other creditors including tax and social security	1,477	1,316	1,480	1,300
Accruals and sundry creditors	<u>1,322</u>	<u>1,427</u>	<u>1,242</u>	<u>1,397</u>
	<b>4,398</b>	<b>2,975</b>	<b>4,265</b>	<b>2,896</b>

# NOTES TO THE ACCOUNTS - Continued

## 18 CREDITORS Amounts falling due after more than one year

	Group		Company	
	30 09 07	30 09 06	30 09 07	30 09 06
	£'000	£'000	£'000	£'000
Loan (see A below )	<u>0</u>	<u>272</u>	<u>0</u>	<u>272</u>
	0	272	0	272
1-2 years	0	4	0	4
2-5 years	0	15	0	15
After 5 years	<u>0</u>	<u>253</u>	<u>0</u>	<u>253</u>
	0	272	0	272

A The loan was from Rhondda Cynon Taff County Borough Council, secured on freehold property and was repayable in 64 instalments of £16k biannually, including interest which was charged at a rate of 10 25% per annum The loan was repaid in full in September 2007

## 19 OPERATING LEASE COMMITMENTS

### GROUP

	30 09 07	30 09 06
	£'000	£'000
The minimum annual payments which the group is committed to make under operating leases is as follows		
Plant and equipment		
Leases which expire in		
Under 1 year	55	9
In 2 to 5 years inclusive	<u>42</u>	<u>132</u>
	97	141

## 20 PROVISION FOR LIABILITIES AND CHARGES

Group	Other	Deferred Tax	Total
	£000	£000	£000
At 1 October 2006	380	15	395
Transferred from debtors	0	0	0
Utilised during the year	<u>(380)</u>	<u>0</u>	<u>(380)</u>
At 30 September 2007	0	15	15
Company	Other	Deferred Tax	Total
	£000	£000	£000
At 1 October 2006	350	0	350
Transferred from debtors	0	0	0
Utilised during the year	<u>(350)</u>	<u>0</u>	<u>(350)</u>
At 30 September 2007	0	0	0

The other provision relates to amounts payable to staff for previous years' service following a job evaluation exercise undertaken by management in conjunction with union representatives These amounts were paid in the year to September 2007

# NOTES TO THE ACCOUNTS - Continued

21

## RESERVES

Group	Revaluation Reserve £'000	Charitable Funds £'000	Restricted Fund £'000	Non-charitable Trading Fund £'000	Pension Reserve £'000	Total £'000
At 1 October 2006	2,220	10,997	456	156	(9,111)	4,718
Surplus/(Deficit) for the year	0	3,795	28	(54)	(140)	3,629
Actuarial Gain	0	0	0	0	2,078	2,078
Transfer	(39)	39	0	0	0	0
At 30 September 2007	2,181	14,831	484	102	(7,173)	10,425

Company	Revaluation Reserve £'000	Charitable Funds £'000	Restricted Fund £'000	Pension Reserve £'000	Total £'000
At 1 October 2006	2,220	10,997	456	(8,730)	4,943
Surplus/(Deficit) for the year	0	3,795	28	(130)	3,693
Actuarial Gain	0	0	0	1,930	1,930
Transfer	(39)	39	0	0	0
At 30 September 2007	2,181	14,831	484	(6,930)	10,566

## Restricted Funds

The income funds of the charity include restricted funds comprising the following

	Balance at 30 09 06 As Restated £'000	Movement in Funds Incoming Resources £'000	Expenditure £'000	Transfers £'000	Balance at 30 09 07 £'000
Welsh Language & Resource	345	665	668	0	342
3½ % War Bonds	3	0	0	0	3
Expressive Arts	7	486	476	0	17
National Youth Arts Wales	(3)	156	215	0	(62)
Better Schools Fund	0	199	199	0	0
Key Stage 3 Assessments	0	583	583	0	0
Welsh Medium Assessment	0	355	355	0	0
Modernisation	0	463	463	0	0
Welsh for Adults	104	315	235	0	184
National Grid for Learning- Cymru	0	1,019	1,019	0	0
Welsh Baccalaureate	0	379	379	0	0
	456	4,620	4,592	0	484

The deficit on the National Youth Arts fund results from the expenditure incurred in running their activities accruing in the months leading up to the year end whilst income accrues in the following year

The net liabilities of non-charitable trading funds at the year end amount to £139k (30 September 2006 £224k) and relate wholly to WJEC CBAC Services Limited

## Analysis of Group net assets between funds

No fixed assets have been acquired with restricted funds All restricted funds are held as short-term debtors/creditors and cash

22 PENSION AND SIMILAR OBLIGATIONS

The charity's employees belong to two principal pension schemes, the Teachers Pension Scheme (TPS) and the Rhondda Cynon Taff County Borough Council Local Government Pension Scheme (LGS)

**LGS**

The disclosures below relate to Rhondda Cynon Taf County Borough Pension Fund (the Fund) The charity participates in the Local Government Pension Scheme (LGS) The LGS is a defined benefit scheme based on final pensionable salary

The company adopted the provisions of FRS 17 - Retirement Benefits in full in the 2005-06 financial statements, this has resulted in the recognition of a pension liability net of deferred tax of £7.2m (2005 - £9.1m) on the face of the company's balance sheet FRS 17 also requires additional disclosures in respect of the assets and liabilities of the scheme attributable to the company, 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 2004, has been updated by independent actuaries to the Rhondda Cynon Taf County Borough Council (the Fund) to take account of the requirements of FRS 17 in order to assess the liabilities of the fund as at 30 September 2007 The liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities at their discounted present value

The contribution rates certified for the group at the 2004 valuation are as follows

	<b>WJEC CBAC Limited</b>	<b>WJEC CBAC Services Limited</b>
April 2004 to March 2005	280% of members' contributions	230% of members' contributions
April 2005 to March 2006	307% of members' contributions	245% of members' contributions
April 2006 to March 2007	334% of members' contributions	260% of members' contributions
April 2007 to March 2008	361% of members' contributions	275% of members' contributions

These figures include the past service element of contribution rate

The latest actuarial valuation for the Fund took place on 31 March 2004 The principal assumptions used by the independent qualified actuaries in updating the latest valuations of the Fund for FRS 17 purpose were

	<b>Year ended 30 09 07</b>	<b>Year ended 30 09 06</b>	<b>Year ended 30 09 05</b>
Discount rate	5.8% pa	5.0% pa	4.9% pa
Rate of increase in salaries	4.9% pa	4.5% pa	4.4% pa
Rate of increase in pensions (in payment and deferred)	3.4% pa	3.0% pa	2.9% pa
Rate of inflation	3.4% pa	3.0% pa	2.9% pa
<b>Long term expected rate of return on</b>			
Equities	7.8% pa	7.3% pa	7.3% pa
Bonds	4.8% pa	4.3% pa	4.3% pa
Property	6.8% pa	6.3% pa	6.3% pa
Other assets	6.2% pa	5.0% pa	4.5% pa
Average long term expected rate of return	7.3% pa	6.7% pa	6.7% pa

The market value of the assets of the Fund at 30 September 2007 was £1,389,600k (2006 £1,210,800k)

Assets are valued at fair value, principally market value for investments The proportions of total assets held in each asset type by the Fund as a whole at 30 September 2007 and 30 September 2006 are as follows

	<b>Year ended 30 09 07 £'000</b>	<b>Year ended 30 09 06 £'000</b>	<b>Year ended 30 09 05 £'000</b>
Equities	1,121.2	961.4	866.9
Bonds	176.5	177.5	172.3
Property	0.0	0.0	0.2
Other	91.9	71.9	42.4

# NOTES TO THE ACCOUNTS - Continued

## 22 PENSION AND SIMILAR OBLIGATIONS - Continued

The following amounts were measured in accordance with the following requirements of FRS 17

	Group			Company		
	30 09 07	30 09 06	30 09 05	30 09 07	30 09 06	30 09 05
	£'000	£'000	£'000	£'000	£'000	£'000
Share of assets	19,390	17,070	15,070	17,950	15,870	14,040
Estimated fund liabilities	<u>(26,620)</u>	<u>(26,270)</u>	<u>(25,220)</u>	<u>(24,880)</u>	<u>(24,600)</u>	<u>(23,650)</u>
Group / company deficit	<b>(7,230)</b>	<b>(9,200)</b>	<b>(10,150)</b>	<b>(6,930)</b>	<b>(8,730)</b>	<b>(9,610)</b>
Related deferred tax asset	<u>57</u>	<u>89</u>	<u>103</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<b>(7,173)</b>	<b>(9,111)</b>	<b>(10,047)</b>	<b>(6,930)</b>	<b>(8,730)</b>	<b>(9,610)</b>

The movement in the net deficit in the Scheme under FRS 17 for the year to 30 September 2007 is as follows

	Group		Company	
	30 09 07	30 09 06	30 09 07	30 09 06
	£'000	£'000	£'000	£'000
Net deficit at the beginning of the year	(9,200)	(10,150)	(8,730)	(9,610)
Contributions paid	850	790	790	740
Current service cost	(820)	(780)	(750)	(720)
Past service costs	0	550	0	500
Expected return on pension fund assets	1,140	1,020	1,060	950
Interest on pension scheme liabilities	(1,310)	(1,240)	(1,230)	(1,160)
Actuarial gain/(loss)	2,110	610	1,930	570
Net deficit at the end of the year	<b>(7,230)</b>	<b>(9,200)</b>	<b>(6,930)</b>	<b>(8,730)</b>

In accordance with FRS 17, the following amounts have been recognised in the performance statements in the year to 30 September 2007

	Group		Company	
	30 09 07	30 09 06	30 09 07	30 09 06
	£'000	£'000	£'000	£'000
<b>Analysis of amounts charged to operating profit</b>				
Current service cost	820	780	750	720
Past service costs	<u>0</u>	<u>(550)</u>	<u>0</u>	<u>(500)</u>
Total charged to operating profit	<b>820</b>	<b>230</b>	<b>750</b>	<b>220</b>
<b>Analysis of amount charged to other finance costs</b>				
Expected return on pension fund assets	1,140	1,020	1,060	950
Interest on pension scheme liabilities	<u>(1,310)</u>	<u>(1,240)</u>	<u>(1,230)</u>	<u>(1,160)</u>
Net charge to other finance costs	<b>(170)</b>	<b>(220)</b>	<b>(170)</b>	<b>(210)</b>

22 PENSION AND SIMILAR OBLIGATIONS – Continued

History of experience gains and losses

	Group			
	2007	2006	2005	2004
	£'000	£'000	£'000	£'000
Actual return less expected return on assets	970	630	1,820	330
Percentage of scheme assets	5.0%	3.6%	12.2%	2.8%
Experience gains and losses on pension liabilities	(50)	0	0	(30)
Percentage of present value of scheme liabilities	(0.2%)	(0.0%)	(0.0%)	(0.2%)
Total amount recognised in the STRGL	2,110	610	(820)	320
Percentage of present value of scheme liabilities	8.0%	2.2%	(3.3%)	1.6%

	Company			
	2007	2006	2005	2004
	£'000	£'000	£'000	£'000
Actual return less expected return on assets	900	590	1,710	310
Percentage of scheme assets	5.0%	3.7%	12.2%	2.8%
Experience gains and losses on pension liabilities	(50)	0	0	(30)
Percentage of present value of scheme liabilities	(0.2%)	(0.0%)	(0.0%)	(0.2%)
Total amount recognised in the STRGL	1,930	570	(770)	310
Percentage of present value of scheme liabilities	7.8%	2.1%	(3.3%)	1.6%

Analysis of amounts recognised in the Statement of Recognised Gains and Losses (STRGL)

	Group		Company	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Actual return less expected return on assets	970	630	900	590
Experience gains and losses on pension liabilities	(50)	0	(50)	0
Changes in assumptions underlying the present value of the scheme liabilities	1,190	(20)	1,080	(20)
<b>Amount recognised in the STRGL per FRS 17</b>	<b>2,110</b>	<b>610</b>	<b>1,930</b>	<b>570</b>
Movement in deferred tax asset relating to pension liability	(32)	(7)	0	0
<b>Total amount recognised in STRGL</b>	<b>2,078</b>	<b>603</b>	<b>1,930</b>	<b>570</b>

TPS

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The Charity is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Charity has accounted for its contributions as if they were defined contribution schemes. The contributions made in respect of the year ended 30 September 2007 were:

	Year ended 30.09.07	Year ended 30.09.06
	£'000	£'000
Employer's contribution	126	126
Employees' contribution	56	56
Agreed future employer contribution rate	13.5%	13.5%
Agreed future employee contribution rate	6%	6%

**23 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

GROUP	Year ended 30 09 07	Year ended 30 09 06
	£'000	£'000
Net incoming resources before taxation	3,629	3,224
Interest receivable	(523)	(353)
Interest payable	25	27
Depreciation charges	368	196
Loss on disposal of fixed assets	0	1
Decrease/ (Increase) in debtors	550	(378)
(Decrease)/Increase in creditors	1,159	480
(Decrease)/Increase in other provisions	(380)	395
(Decrease)/Increase in pension scheme liability	(1,938)	(936)
Actuarial Gains/(Losses)	2,078	603
Increase in stocks	<u>(62)</u>	<u>(88)</u>
<b>Net cash inflow from operating activities</b>	<b>4,906</b>	<b>3,171</b>

**24 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

**GROUP AND COMPANY**

Mortgage Loan	Year ended 30 09 07 £'000	Year ended 30 09 06 £'000
At 1 October	276	280
Amounts repaid during the year	<u>(276)</u>	<u>(4)</u>
<b>At 30 September</b>	<b>0</b>	<b>276</b>

**25 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT**

GROUP	Year ended 30 09 07 £'000	Year ended 30 09 06 £'000
Increase in cash in year	4,006	775
Decrease in debt and lease financing	<u>276</u>	<u>4</u>
Change in net debt from cash flows	4,282	779
Net debt at 1 October	<u>8,037</u>	<u>7,258</u>
<b>Net debt at 30 September</b>	<b>12,319</b>	<b>8,037</b>

**26 ANALYSIS OF NET DEBT**

GROUP	30 09 06 £'000	Cash Flow £'000	Non-cash Flows £'000	30 09 07 £'000
Cash in hand, at bank	8,313	4,006	0	12,319
Debt due within 1 year – Loan	(4)	4	0	0
Debt due after 1 year – Loan	<u>(272)</u>	<u>272</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>8,037</b>	<b>4,282</b>	<b>0</b>	<b>12,319</b>



## NOTES TO THE ACCOUNTS - Continued

### 27 RELATED PARTIES

The directors are nominated by each of the 22 local authorities in Wales. These authorities are charged directly for services in respect of the National Language Unit and Expressive Arts (see note 4). At the year end there were no amounts outstanding from the local authorities for services in respect of the National Language Unit and Expressive Arts.

### 28 CAPITAL COMMITMENTS

The charity has capital commitments as at 30 September 2007 of £12.2m (30 September 2006 – £nil).

### 29 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.