

WJEC CBAC LIMITED

Registered Number: 3150875

Charity Number: 1073332

A Company Limited by Guarantee

**REPORT OF DIRECTORS AND TRUSTEES
AND
GROUP ACCOUNTS**

30 September 2011

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WJEC CBAC LIMITED
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WJEC CBAC LIMITED LEGAL AND ADMINISTRATIVE INFORMATION

REGISTERED NAME	WJEC CBAC LIMITED
REGISTERED CHARITY NUMBER	1073332
REGISTERED COMPANY NUMBER	3150875

SECRETARY AND REGISTERED OFFICE

Colin Weaver
245 Western Avenue
Llandaff
CARDIFF
CF5 2YX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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.

BOARD OF DIRECTORS AND TRUSTEES

The Board of Directors is comprised of nominees from the local authorities in Wales. During the year the following members served as Chairman and Vice Chairman:

Chair of Board – Councillor A D Hampton

Vice Chair of Board – Councillor A M Day and Councillor A G Jones

WJEC CBAC LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION - Continued

BOARD OF DIRECTORS AND TRUSTEES - Continued

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

	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
Cllr D Atwell		✓			✓	
Cllr S R Bard	✓					
Cllr M R Barnett	✓		✓			
Cllr P J Bevan	✓			✓		✓
Cllr A E Davies		✓	✓			✓
Cllr C W Davies		✓				
Cllr E G Davies		✓				
Cllr A M Day	✓					
Mr M T Evans (from 25 03 11)	✓					
Cllr D Fellows			✓			
Cllr E J Hackett Pain			✓			
Cllr A D Hampton	Chair		✓			
Cllr E Hanagan						✓
Cllr S Hayes (from 15 06 11)		✓			✓	
Cllr A G Jones		Chair		✓		
Cllr D R Jones (to 18 05 11)		✓			✓	
Cllr W P Jones		✓				
Cllr W E Jones						✓
Cllr J Rogers	✓					Chair
Cllr F Salway						✓
Cllr N H Steele-Mortimer	✓					
Cllr R Thomas		✓				
Cllr E W Williams (from 25 03 11)	✓					
Ms E M Williams (from 09 12 11)	✓					
Cllr G H Wooldridge		✓				

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES

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 2011

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

The charity's objectives are to promote learning and raise standards for the public benefit by

- ☐ developing, promoting and providing appropriate systems of assessment and examinations to serve the needs of educational institutions, and recognise individual achievement
- ☐ supporting and enhancing the development of the Welsh language and culture of Wales
- ☐ producing high quality resources to meet the needs of teachers and learners of all ages and abilities
- ☐ supporting all Wales approaches in nurturing and developing talents through arts and education including the National Youth Orchestra and National Youth Theatre
- ☐ continuing to manage the resources of WJEC efficiently and effectively

REVIEW OF THE ACTIVITIES AND FUTURE DEVELOPMENTS

In planning the activities for the year and in setting the objectives for the future the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging, as per Section 4 of the Charities Act 2006

The Examinations department continued to build upon its recent successes. Entries for the AS examination were approximately 119,000 (2010 – 107,000) an increase of 11.2%, while the A level examination attracted approximately 77,000 entries, (2010 – 72,000), an increase of 6.9%. GCSE subject entries showed an increase of 4.9% on the previous year with a total entry of approximately 617,000 (2010 – 588,000). In addition to its management of examinations WJEC continued to manage the arrangements for moderating Key Stage 3 teacher assessments in Wales under a contract from the Welsh Government which extends to 2012. The Welsh Baccalaureate continues to progress as a mainstream framework for 14-19 students at three levels: Foundation, Intermediate and Advanced. The charity's commitment to supporting schools and colleges was underpinned by an extensive range of assessment related professional development courses (584 events across Wales and England in 2010/11) which were attended by approximately 12,364 delegates. During the year, WJEC fulfilled a management role in relation to 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. Recent emphases include the early years ("foundation") phase and vocational education.

The success of WJEC's examinations portfolio in both Wales and England provides a sound platform from which to engage in the next cycles of development relating to GCSE and GCE qualifications, for which timelines will be determined by government policy. WJEC also continues to expand its portfolio of skills and "pathways" qualifications which provide learning programmes which complement those available as GCSE/GCEs. In Wales, the government's current Review of 14-19 Qualifications has the potential to be influential in shaping future arrangements, including for the Welsh Baccalaureate framework within which the Essential Skills Wales qualifications and three wider Key Skills currently form a substantial part of the core. WJEC will continue to place emphasis on the accessibility of advice and resources which support our qualifications, working in accordance with the "general conditions of recognition" that have been introduced by regulators in 2011.

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES - Continued

Technology continues to facilitate enhancements to the services which WJEC is able to provide to stakeholders. Our secure website continues to be 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. As well as providing a range of on-screen assessment applications within GCE and GCSE examinations, WJEC has also worked with partners to develop e-portfolio solutions which allow candidates' portfolios of work to be assessed in their digital form, removing the need for printed versions to be produced and mailed to assessors or moderators.

The charity has a Service Agreement with all local authorities in Wales for the provision of services in respect of educational resources and youth arts, which has recently been extended beyond April 2012. In the context of the Welsh-language Teaching and Learning Resources Scheme the productive commissioning partnership with the Welsh Government has evolved to a grant arrangement to support the production of Welsh-medium resources which WJEC is uniquely placed to develop. The agreement supports WJEC's commitment to commissioning and delivering a wide programme of curriculum resources supported by appropriate professional development provision. From 1st April 2012, WJEC will provide a Support Team service for Welsh in Education, working on behalf of Welsh Government and funded through its grant arrangements, and the work of CILT Cymru (whose activities were transferred to WJEC during 2011) in support of foreign language teaching is expected to be taken forward through a three-year funding arrangement that is part of Welsh Government's International Education Programme.

The national Welsh and Welsh-medium continuous professional development programmes arranged five national conferences, attended by a total of 260 and a further 86 continuous professional development sessions were arranged and provided on behalf of local authorities.

The summer season of events of the National Youth Theatre of Wales and the National Youth Orchestra of Wales was again extremely successful. The Orchestra completed a summer concert tour, conducted by Takuo Yuasa, that included highly acclaimed concerts in Wrexham, Gateshead, Manchester and Cardiff. The Youth Theatre toured to Aberystwyth, Mold and Cardiff presenting six public performances of *Patagonia*, written by young writers working in conjunction with director Tim Baker. National Youth Dance Wales performed at the Richard Burton Theatre, Cardiff, and benefits from a new development grant award from the Arts Council of Wales.

The consolidated statement of financial activities for the year is set out on page 11 of the group accounts. The charity's income increased from £36,249m to £39,746m. The increase amounting to 9.6% is a significant achievement with the core examination business again having an excellent year. The operating surplus for the year after adjusting for the effects of the pension deficit was £4,273m compared to last year's surplus of £4,334m, the adverse nature of the pension adjustment reducing the current year's surplus by £1,610m.

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 19 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 planned to reverse this liability over future years.

On the basis of an updated business plan for 2011-2014 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 one 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 WJEC and a working balance was in place at the date of the registration of WJEC as a charity.

The Board is pleased to report that the subsidiary made a profit of £237k for the year (2010 - £333k) before Gift Aid and taxation. The subsidiary made a donation of £245k (2010 - £390k) to the charity by means of Gift Aid.

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES - Continued

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 subsequently 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 4 times in the year to 30 September 2011. 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 nine 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 2 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), John Cunliffe (Chief Information Officer), Beverley Green (Human Resources Manager), Mererid Morgan (Director of Educational Support), Ceri Thomas (Marketing & Communications Manager), Ian Edwards (Trefforest Operations Manager), and Catherine Roberts-Straw (Assistant Director – Strategy).

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

There is a Health & Safety Committee comprising the Chief Executive, Director of Finance and Estates, Trefforest Operations Manager, Human Resources Manager, Facilities Manager, 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 & Safety Committee reports to the Strategy and Resources Committee. The work of the Health & Safety Committee is complemented by two Environmental Health & Safety Groups that meet regularly to address issues relating to Trefforest and Western Avenue sites, respectively.

RESERVES

The charity's policy on restricted reserves is to separately record donations, 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 are established with reference to the following assessment of needs: (i) to ensure capacity for investment in products and services in a competitive market where changes in requirements can occur quickly, (ii) to fulfil a social obligation to ensure that it will have available sufficient financial resources and facilities to enable it to develop, deliver and award qualifications in accordance with its Conditions of Recognition until at least the time by which every Learner for a qualification it makes available has had the opportunity to complete that qualification, including in situations in which the flow of income from centres is delayed. Over the three financial years 2007-10, the capital programme to redevelop the Western Avenue site has made significant inroads into the liquidity of the accumulated free reserves. By re-establishing reserves in line with the charity's policy, the unrestricted funds had recovered to £14,435k at 30 September 2011.

The reserves policy is reviewed on an annual basis.

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 2011. 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 11 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 Youth Arts (see note 23 to the group accounts).

EMPLOYEE INVOLVEMENT AND EQUAL OPPORTUNITIES

Consultation with employees or their representatives has continued with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Senior management and the recognised trade union discuss matters of policy through regular meetings of the Joint Staff Group (JSG), and a Joint Consultative Committee (JCC) is convened for matters which require the involvement of company directors. A Joint Negotiating Group (JNG) has been established to provide a forum for the Board of Directors to engage in discussion and negotiation with UNISON on annual pay awards.

Communications with employees continue through staff bulletins, briefing groups and the distribution of the annual report. Internal communication processes include the cascading of regular core briefs through team briefing meetings. 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.

WJEC CBAC Ltd is committed to an active Equal Opportunities policy from recruitment and selection, through training, development, appraisal and promotion to retirement for all employees including those with a disability.

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

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

As part of its commitment to equal opportunities for disabled people WJEC will ensure that all reasonable measures are taken to retain disabled employees in employment.

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

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to

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

WJEC CBAC LIMITED
REPORT OF DIRECTORS AND TRUSTEES - Continued

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

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware

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

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

AUDITORS

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 23rd March 2012



Councillor A D Hampton

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WJEC CBAC LIMITED

We have audited the financial statements of WJEC CBAC Limited for the year ended 30th September 2011 which the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement 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)

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements 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

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 group's and charitable company'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 Report of Directors and Trustees 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 group's and the parent charitable company's affairs as at 30th September 2011, and of the group's incoming resources and application of resources, including its income and expenditure and group's cash flows, for the year then ended,
- ☐ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ☐ have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WJEC CBAC LIMITED - Continued

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



Kevin Williams
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Date 27 March 2012

PricewaterhouseCoopers LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

WJEC CBAC LIMITED AND ITS SUBSIDIARY GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2011
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	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds Year ended 30 Sept 2011 £'000	Total Funds Year ended 30 Sept 2010 £'000
INCOMING RESOURCES					
Incoming Resources from Generated Funds					
Voluntary Income - Donations and sponsorship		1	6	7	12
Activities for generating funds - Resource and merchandise sales		388	116	504	479
Investment Income - Interest receivable		62	0	62	11
		<u>451</u>	<u>122</u>	<u>573</u>	<u>502</u>
Incoming Resources from Charitable Activities					
Fee income	3	33,700	623	34,323	31,002
Incoming resources from government and other public bodies	4	948	3,902	4,850	4,745
		<u>34,648</u>	<u>4,525</u>	<u>39,173</u>	<u>35,747</u>
Total Incoming Resources		35,099	4,647	39,746	36,249
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising Trading cost of goods sold and other costs - Resource and merchandise sales	6	452	35	487	474
Costs of charitable activities					
Examinations	6	28,799	832	29,631	28,670
Education Resources & Arts	6	46	3,431	3,477	3,579
		<u>28,845</u>	<u>4,263</u>	<u>33,108</u>	<u>32,249</u>
Governance Costs	6	244	26	270	273
Total Resources Expended	6	<u>29,541</u>	<u>4,324</u>	<u>33,865</u>	<u>32,996</u>
Net Income for the Year		5,558	323	5,881	3,253
Tax on profit for year	10	2	0	2	11
Net Incoming Resources Before Other Recognised Gains and Losses		5,560	323	5,883	3,264
Actuarial (Losses)/Gains on Defined Benefit Pension Scheme	19	(1,610)	0	(1,610)	1,070
Net Movement in Funds		<u>3,950</u>	<u>323</u>	<u>4,273</u>	<u>4,334</u>
Total funds brought forward		<u>10,543</u>	<u>680</u>	<u>11,223</u>	<u>6,889</u>
TOTAL FUNDS CARRIED FORWARD		14,493	1,003	15,496	11,223

The surplus retained by the parent company, WJEC CBAC Limited, amounted to £5,889k (2010 £3,520k)
All income and expenditure is derived from continuing operations

Note of Historical Cost Surpluses and Deficits
For the Year ended 30 September 2011

	Year to 30 Sept 2011 £'000	Year to 30 Sept 2010 £'000
Net incoming resources for the year	5,883	3,264
Difference between the historical cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	20	20
HISTORICAL COST INCOMING RESOURCES FOR THE YEAR	<u>5,903</u>	<u>3,284</u>

**WJEC CBAC LIMITED AND ITS SUBSIDIARY
GROUP BALANCE SHEET AS AT 30 SEPTEMBER 2011**

	Notes	As at 30 Sept 2011 £'000	As at 30 Sept 2010 £'000
FIXED ASSETS			
Tangible assets	11	20,282	20,896
Investments	12	3	3
		<u>20,285</u>	<u>20,899</u>
CURRENT ASSETS			
Stocks	13	588	520
Debtors	14	3,989	4,337
Cash at bank and in hand	22	12,363	5,526
		<u>16,940</u>	<u>10,383</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(4,700)</u>	<u>(4,299)</u>
NET CURRENT ASSETS		12,240	6,084
TOTAL ASSETS LESS CURRENT LIABILITIES		32,525	26,983
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(5)	(10)
PROVISION FOR LIABILITIES	17	<u>(8)</u>	<u>(10)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		32,512	26,963
Defined Benefit Pension Scheme Liability	19	<u>(17,016)</u>	<u>(15,740)</u>
NET ASSETS INCLUDING PENSION LIABILITY		15,496	11,223
FUNDS OF THE GROUP			
Restricted fund	18	1,003	680
Unrestricted funds			
Charitable funds	18	29,627	24,375
Non-charitable trading fund	18	58	64
Revaluation reserve	18	<u>1,824</u>	<u>1,844</u>
Unrestricted funds excluding pension liability		31,509	26,283
Pension reserve	18	<u>(17,016)</u>	<u>(15,740)</u>
Total unrestricted funds		14,493	10,543
TOTAL GROUP FUNDS	18	15,496	11,223

The Financial Statements on pages 11 to 31 were approved by the Board and authorised for issue on 23rd March 2012 and signed on their behalf by



Councillor A D Hampton
Chairman

WJEC CBAC LIMITED (Company Reg No. 3150875)
COMPANY BALANCE SHEET AS AT 30 SEPTEMBER 2011

	Notes	As at 30 Sept 2011 £'000	As at 30 Sept 2010 £'000
FIXED ASSETS			
Tangible assets	11	20,127	20,705
Investments	12	3	3
		<u>20,130</u>	<u>20,708</u>
CURRENT ASSETS			
Stocks	13	267	247
Debtors	14	4,346	4,694
Cash at bank and in hand		12,363	5,526
		<u>16,976</u>	<u>10,467</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(4,647)</u>	<u>(4,266)</u>
NET CURRENT ASSETS		12,329	6,201
TOTAL ASSETS LESS CURRENT LIABILITIES		32,459	26,909
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	<u>(5)</u>	<u>(10)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		32,454	26,899
Defined Benefit Pension Scheme Liability	19	<u>(17,016)</u>	<u>(15,740)</u>
NET ASSETS INCLUDING PENSION LIABILITY		15,438	11,159
FUNDS OF THE CHARITY			
Restricted fund	18	1,003	680
Unrestricted funds			
Charitable funds	18	29,627	24,375
Revaluation reserve	18	1,824	1,844
		<u>31,451</u>	<u>26,219</u>
Unrestricted funds excluding pension liability		31,451	26,219
Pension reserve	18	<u>(17,016)</u>	<u>(15,740)</u>
Total unrestricted funds		14,435	10,479
TOTAL CHARITY FUNDS	18	15,438	11,159

The Financial Statements on pages 11 to 31 were approved by the Board and authorised for issue on 23rd March 2012 and signed on their behalf by



Councillor A D Hampton
Chairman

WJEC CBAC LIMITED AND ITS SUBSIDIARY GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2011
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	Notes	Year to 30 Sept 2011	Year to 30 Sept 2011	Year to 30 Sept 2010	Year to 30 Sept 2010
		£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20		7,077		4,689
Returns on Investments and Servicing of Finance					
Interest payable		0		0	
Interest received		62		11	
Net cash inflow for returns on investment and servicing of finance			62		11
			7,139		4,700
Taxation paid			0		0
Capital Expenditure and Financial Investment					
Purchase of tangible fixed assets			(297)		(2,188)
NET CASH INFLOW BEFORE FINANCING			6,842		2,512
Financing					
Loans received	15	0		16	
Repayment of loan		(5)		(1)	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			(5)		15
INCREASE IN CASH IN THE YEAR	21		6,837		2,527

1 ACCOUNTING POLICIES

The accounts have been prepared on a going concern basis and 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 of £17.02m (2010 - £15.74m) 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 2011. Accounting policies have been applied uniformly and consistently across the Group. 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.

In accordance with Section 403(3) of the Companies Act 2006 the charity has adapted the Companies Act formats to prepare its consolidated accounts. No separate SOFA has been presented for the charity alone as permitted by Section 408(3) of the Companies Act 2006 and paragraph 423 of the SORP. The amount of the surplus for the year dealt with in the charity's own accounts is disclosed on page 11.

Investments

Fixed asset investments are shown at market value.

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The company adopted the transitional provisions of FRS 15 - Tangible Fixed Assets. This permitted the company to retain the book amounts of assets when implementing FRS 15 for the first time. Accordingly the valuation of these assets has not been updated since 1996.

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:

Furniture and equipment	3 - 7 years
Freehold Buildings	30 - 40 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 commitments

The rental charges of operating leases are charged against profit 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 youth 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

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 6 to the accounts

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

Governance costs of the charity include salaries and related costs of central administration, audit and legal costs together with their portion of attributable overheads

Taxation

No provision is made for corporation tax in the accounts of the company 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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

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
- ☐ Youth 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 Government in respect of the National Welsh INSET programmes
- ☐ Key Stage 3 Assessments – income received from the Department for Education and Skills (DfES)
- ☐ Welsh for Adults – funding is received from DfES to fund examinations and resources designed specifically for adult learners
- ☐ National Grid for Learning-Cymru – income received from the Welsh Government under contract for the development and delivery of digital teaching and learning resources at www.ngfl-cymru.org.uk
- ☐ CILT Cymru - funding is received in respect of programmes to develop teaching skills in Modern Foreign Languages from the Welsh Government and the Higher Education Funding Council for Wales

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

During the year activities in Welsh Medium Assessment, Modernisation and the Welsh Baccalaureate ceased to be fully funded by the Welsh Government, the financial risk of running these programmes being transferred to WJEC. As such they have been removed from the list of Restricted Funds.

Pension costs

The company operates defined benefit pension schemes for the benefit of its employees, the assets of which are held separately from those of the company in independently administered funds. 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.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to net income. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

As the company is unable to identify its share of the assets and liabilities of the TPA, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the SOFA in the year to which they relate.

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.

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

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.

	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Profit and Loss Account		
Printing and publishing	1,860	1,900
Cost of Sales	(1,275)	(1,227)
Administrative expenses	(341)	(329)
Interest Receivable	1	2
Interest payable	(8)	(13)
	<u>(1,623)</u>	<u>(1,567)</u>
Net profit before gift aid	237	333
Gift Aid to parent company	(245)	(390)
Tax on profit on ordinary activities	2	11
Gain arising from the transfer of net pension liability	0	790
Retained in the subsidiary	<u>(6)</u>	<u>744</u>

Turnover includes £1,854k (2010: £1,897k) for printing and publishing services to the charity. Direct operational costs include £86k (2010: £79k) for accommodation services provided by the charity. Interest payable includes £8k (2010: £13k) payable to the charity.

	As at 30 Sept 2011 £'000	As at 30 Sept 2010 £'000
The assets and the liabilities of the subsidiary were		
Fixed assets	154	191
Current assets	401	390
Liabilities under one year	(458)	(430)
Liabilities falling due after more than one year	(32)	(77)
Provisions for liabilities and charges	(8)	(10)
Net assets	<u>57</u>	<u>64</u>
Aggregate capital and reserves	<u>57</u>	<u>64</u>

On 1st October 2009 the employment contracts of the majority of staff employed by WJEC CBAC (Services) Limited were transferred to its parent company, WJEC CBAC Limited, the transfer was completed on 6th October 2009. As such, the pension deficit reported in previous Financial Statements is now the liability of WJEC CBAC Limited and therefore no provision is made in these accounts.

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

3 FEE INCOME

Group	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Examinations	34,161	30,845
Education Resources & Arts	162	157
	34,323	31,002

4 INCOMING RESOURCES FROM GOVERNMENT AND OTHER PUBLIC BODIES

Group	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Examinations		
Government grants	456	467
Income from government/other public bodies	801	1,394
Educational Resources & Arts		
Service Level Agreement (Note)	1,163	1,178
Income from government/other public bodies	2,429	1,679
Other support grants	1	27
	4,850	4,745

Note

Educational Resources & Arts income includes income from the local authorities in Wales via a Service Level Agreement (SLA). This is an agreement to provide services relating to the provision of educational resources and professional development through the medium of the Welsh language, the National Youth Orchestra and the National Youth Theatre.

5 AGENCY INCOME AND EXPENDITURE

During the year WJEC CBAC Limited distributed funding to schools and colleges in respect of students enrolled on the Welsh Baccalaureate on behalf of the Welsh Government.

As such the charity has acted only as a paying agent of the Welsh 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 £5,748k (2010 £7,572k) in respect of students enrolled on the Welsh Baccalaureate.

	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Receipts		
Welsh Baccalaureate Implementation Grants	5,748	7,572
Disbursements		
Welsh Baccalaureate Implementation Grants	5,748	7,572

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

6 ANALYSIS OF TOTAL RESOURCES EXPENDED

Group	Staff	Examiners' Costs	Support Costs	Other	Depreciation	Total
Year ended 30 Sept 2011	£'000	£'000	£'000	£'000	£'000	£'000
Resources and merchandise	102	0	101	279	5	487
Examinations	9,663	14,310	1,411	3,433	814	29,631
Educational Resources & Arts	1,953	98	(4)	1,338	92	3,477
Governance costs	189	0	0	81	0	270
Total resources expended	11,907	14,408	1,508	5,131	911	33,865

Group	Staff	Examiners' Costs	Support Costs	Other	Depreciation	Total
Year ended 30 Sept 2010	£'000	£'000	£'000	£'000	£'000	£'000
Resources and merchandise	114	0	82	273	5	474
Examinations	9,523	13,275	1,743	3,362	767	28,670
Educational Resources & Arts	1,969	158	77	1,278	97	3,579
Governance costs	190	0	0	83	0	273
Total resources expended	11,796	13,433	1,902	4,996	869	32,996

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 and human resources	Number of full time equivalent posts
Finance	Departmental Expenditure
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 £10k (2010 £10k) for the year.

7 NET INCOME FOR THE YEAR BEFORE TRANSFERS

Group	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
This is stated after charging / (crediting) the following		
Auditors' remuneration - statutory audit of parent company incl consolidation	16	18
- statutory audit of subsidiary	6	5
- taxation services	2	2
- re non statutory audit work	21	8
Other professional fees	57	35
Government grants	(456)	(467)
Depreciation of owned tangible fixed assets	911	869
Loss on disposal of fixed assets	0	0
Operating lease charges - plant and machinery	189	180
Rental payments on property	0	31

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

8 PAYMENTS TO TRUSTEES AND DIRECTORS

Group	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Directors and Trustees expenses in respect of travel and subsistence	4	2

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 Sept 2011 Number	Year ended 30 Sept 2010 Number
£ Nil	4	10
£1 - £5,000	20	13

9 EMPLOYEE INFORMATION

Group	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Wages and salaries	9,070	8,555
Social security costs	713	653
Other pension costs	1,495	1,409
	11,278	10,617

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

Group	Year ended 30 Sept 2011 Number	Year ended 30 Sept 2010 Number
Resources and merchandise	7	7
Examinations	208	201
Educational Resources & Arts	35	32
Corporate Services	51	48
Management and administration of charity	5	5
Print subsidiary	23	23
	329	316

The number of employees whose emoluments (excluding employer pension contributions) exceeded £60,000 was

Salary band	Year ended 30 Sept 2011 Number	Year ended 30 Sept 2010 Number
£60,001 - £70,000	7	4
£70,001 - £80,000	1	1
£80,001 - £90,000	0	1
£90,001 - £100,000	1	0

All these employees have retirement benefits accruing under defined benefit schemes

One further member of staff was on a salary of £70,001 - £80,000 p a as at 30 September 2011, however they did not receive this level of remuneration throughout the year and are accordingly not shown in the above table

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

10 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 the furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. The tax credit of £2k (2010 £11k) relates entirely to taxation within the subsidiary.

11 TANGIBLE ASSETS

Group	Freehold Land and Buildings £'000	Furniture and Equipment £'000	Total £'000
Cost/Valuation			
At 1 October 2010	21,265	2,205	23,470
Additions at cost	40	257	297
Disposals	0	(68)	(68)
At 30 September 2011	21,305	2,394	23,699
Represented by			
-Valuation at 1 April 1996	2,131	52	2,183
-Cost	19,174	2,342	21,516
Accumulated depreciation			
At 1 October 2010	1,235	1,339	2,574
Charge for the year	529	382	911
Disposals	0	(68)	(68)
At 30 September 2011	1,764	1,653	3,417
Net Book Amount			
At 30 September 2011	19,541	741	20,282
At 30 September 2010	20,030	866	20,896

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

	Land and buildings		Furniture and equipment	
	As at 30 Sept 2011 £'000	As at 30 Sept 2010 £'000	As at 30 Sept 2011 £'000	As at 30 Sept 2010 £'000
Cost	19,174	19,134	2,342	2,194
Aggregated depreciation	(1,478)	(949)	(1,601)	(1,328)
Net Book Amount	17,696	18,185	741	866

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

11 TANGIBLE ASSETS - Continued

Company	Freehold Land and Buildings £'000	Furniture and Equipment £'000	Total £'000
Cost/Valuation			
At 1 October 2010	21,265	1,495	22,760
Additions at cost	40	192	232
Disposals	0	(68)	(68)
At 30 September 2011	21,305	1,619	22,924
Represented by			
-Valuation at 1 April 1996	2,131	5	2,136
-Cost	19,174	1,614	20,788
Accumulated depreciation			
At 1 October 2010	1,235	820	2,055
Charge for the year	529	281	810
Disposals	0	(68)	(68)
At 30 September 2011	1,764	1,033	2,797
Net Book Amount			
At 30 September 2011	19,541	586	20,127
At 30 September 2010	20,030	675	20,705

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

	Land and buildings		Furniture and equipment	
	As at 30 Sept 2011	As at 30 Sept 2010	As at 30 Sept 2011	As at 30 Sept 2010
	£'000	£'000	£'000	£'000
Cost	19,174	19,134	1,614	1,489
Aggregated depreciation	(1,482)	(949)	(1,028)	(814)
Net Book Amount	17,692	18,185	586	675

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. This has not been updated and the transitional provisions of FRS 15 "Tangible fixed assets" have been applied.

Equipment was valued at 1 April 1996 by the management of 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.

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

12 INVESTMENTS

Investment in subsidiary

The charity owns 100% of the issued ordinary 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 £3k (2010 £3k). The annual interest on the bonds provides a prize for a member of the National Youth Orchestra of Wales.

13 STOCKS

	Group		Company	
	As at	As at	As at	As at
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	£'000	£'000	£'000	£'000
Stocks of finished goods & materials	443	391	267	247
Work in progress	145	129	0	0
	<u>588</u>	<u>520</u>	<u>267</u>	<u>247</u>

14 DEBTORS

	Group		Company	
	As at	As at	As at	As at
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	£'000	£'000	£'000	£'000
Trade debtors	2,340	1,578	2,339	1,575
Loan to subsidiary undertaking (see A below)	0	0	77	136
Due from subsidiary undertaking (see B below)	0	0	309	338
Prepayments	100	105	72	75
Accrued income	1,548	2,207	1,548	2,207
Other Debtors	1	2	1	2
VAT recoverable	0	445	0	361
	<u>3,989</u>	<u>4,337</u>	<u>4,346</u>	<u>4,694</u>

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 quarterly instalments of £8k, £4k and £8k respectively, including interest. The final repayments were/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.

	As at	As at	As at	As at
	30 Sept 2011	30 Sept 2011	30 Sept 2010	30 Sept 2010
	£'000	£'000	£'000	£'000
Within one year		45		59
1-2 years	32		45	
2-5 years	<u>0</u>		<u>32</u>	
In more than one year		32		77
		<u>77</u>		<u>136</u>

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 2011 the trading position resulted in a net balance owing from the subsidiary.

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

15 CREDITORS

	Group		Company	
	As at	As at	As at	As at
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Loan	5	5	5	5
Trade creditors	356	429	355	407
Other creditors including tax and social security	2,103	1,870	2,104	1,870
Accruals and sundry creditors	2,236	1,995	2,183	1,984
	<u>4,700</u>	<u>4,299</u>	<u>4,647</u>	<u>4,266</u>
Amounts falling due after more than one year				
Loan	<u>5</u>	<u>10</u>	<u>5</u>	<u>10</u>

The loan for £16k was made in July 2010 by the Carbon Trust for the purchase of energy efficient lighting, it is interest free and repayable over 3 years

16 OPERATING LEASE COMMITMENTS

Group	As at	As at
Plant and equipment	30 Sept 2011	30 Sept 2010
	£'000	£'000
The minimum annual payments which the group is committed to make under non-cancellable operating leases are as follows		
Leases which expire in		
Under 1 year	10	2
In 2 to 5 years inclusive	172	166
	<u>182</u>	<u>168</u>

17 PROVISION FOR LIABILITIES

Group	Deferred Tax
	£'000
At 1 October 2010	10
Released during the year and charged in the Statement of Financial Activities	(2)
At 30 September 2011	8

Deferred taxation provided in the financial statements and the total potential liability including the amounts for which provision has been made are as follows

	As at	As at
	30 Sept 2011	30 Sept 2010
	£'000	£'000
Tax effect of timing differences arising from		
Accelerated capital allowances	8	10
	<u>8</u>	<u>10</u>
Deferred tax asset relating to pension deficit	Year ended	Year ended
	30 Sept 2011	30 Sept 2010
	£'000	£'000
At 1 October	0	210
Deferred tax charge in profit and loss account	0	(210)
Deferred tax in the statement of total recognised gains and losses	0	0
At 30 September	0	0

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

18 RESERVES

Group	Non-charitable Trading Fund £'000	Revaluation Reserve £'000	Charitable Funds £'000	Restricted Fund £'000	Pension Reserve £'000	Total £'000
At 1 October 2010	64	1,844	24,375	680	(15,740)	11,223
Surplus/(Deficit) for the year	(6)	0	5,232	323	334	5,883
Actuarial Loss	0	0	0	0	(1,610)	(1,610)
Transfer	0	(20)	20	0	0	0
At 30 September 2011	58	1,824	29,627	1,003	(17,016)	15,496

Company	Revaluation Reserve £'000	Charitable Funds £'000	Restricted Fund £'000	Pension Reserve £'000	Total £'000
At 1 October 2010	1,844	24,375	680	(15,740)	11,159
Surplus for the year	0	5,232	323	334	5,889
Actuarial Loss	0	0	0	(1,610)	(1,610)
Transfer	(20)	20	0	0	0
At 30 September 2011	1,824	29,627	1,003	(17,016)	15,438

Restricted Funds

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

	Balance at 30 Sept 2010 £'000	Movement in Funds			Balance at 30 Sept 2011 £'000
		Income £'000	Expenditure £'000	Transfers £'000	
Welsh Language & Resource	331	1,007	897	0	441
3½ % War Bonds	3	0	0	0	3
Youth Arts	(29)	515	492	0	(6)
National Youth Arts Wales	(71)	265	250	0	(56)
Better Schools Fund	0	200	200	0	0
Key Stage 3 Assessments	0	436	436	0	0
CILT Cymru	0	482	334	0	148
Welsh for Adults	446	462	435	0	473
National Grid for Learning - Cymru	0	1,280	1,280	0	0
	680	4,647	4,324	0	1,003

The deficit on the Youth Arts funds result 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 assets of non-charitable trading funds at the year end amount to £58k (2010 - £64k) 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

19 PENSION AND SIMILAR OBLIGATIONS

The charity's employees belong to two principal pension schemes, the Teachers' Pension Scheme and the Rhondda Cynon Taff County Borough Council Local Government Pension Scheme, the assets of both schemes are held separately from those of the company in independently administered funds

Local Government Pension Scheme

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 has adopted the provisions of Financial Reporting Standard (FRS) 17 - Retirement Benefits in full in the financial statements, this has resulted in the recognition of a pension liability of £17.02m (2010 - £15.74m) on 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 2010, 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 2011 The liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities at their discounted present value

The employer contribution rates certified for the group at the 2010 valuation are as follows

	WJEC CBAC Limited
April 2011 to March 2012	23.0% of pensionable salary
April 2012 to March 2013	23.0% of pensionable salary
April 2013 to March 2014	23.0% of pensionable salary

These figures include the past service element of contribution rate

In addition to the above contribution rates the company is to make an annual Capital Contribution to the scheme which is intended to eliminate the scheme deficit over the next 25 years This contribution is currently set at £841,000 per annum

Financial Assumptions	Year ended 30 Sept 2011	Year ended 30 Sept 2010
The main assumptions used for the purposes of FRS 17 are as follows		
Discount rate	5.1% pa	5.0% pa
Rate of increase in salaries	4.9% pa	4.9% pa
Rate of increase in pensions (in payment and deferred)	2.5% pa	2.7% pa
Rate of inflation (RPI)	3.4% pa	3.4% pa
Rate of Inflation (CPI)	2.5% pa	2.7% pa

Demographic Assumptions

The demographic assumptions remain unchanged from those used at the most recent fund valuation and in determining the amounts disclosed in last years financial statements except in relation to the assumptions for post retirement mortality

The post-retirement mortality assumptions are based on an analysis of the pensioner mortality trends under the scheme for the period to 2007 updated to allow for anticipated longevity improvements over the subsequent years The specific mortality rates used are based on the S1NMA and S1NFA tables, adjusted to allow for the experience of scheme pensioners The life expectancies underlying the valuation are as follows

Post Retirement Mortality	Year Ended 30 Sept 2011 Years	Year Ended 30 Sept 2010 Years
Males - Future lifetime from age 65 (currently aged 65)	23.1	21.2
- Future lifetime from age 65 (currently aged 45)	25.0	23.5
Females - Future lifetime from age 65 (currently aged 65)	24.4	23.6
- Future lifetime from age 65 (currently aged 45)	26.4	25.8

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

19 PENSION AND SIMILAR OBLIGATIONS - Continued

Analysis of assets and expected rate of return

The proportions of total assets held in each asset type by the Fund as a whole at 30 September 2011 and 30 September 2010 are as follows

	As at 30 Sept 2011	As at 30 Sept 2010
Equities	63.7%	66.1%
Government Bonds	12.7%	12.3%
Corporate Bonds	13.2%	12.6%
Property	7.6%	6.0%
Cash	2.8%	3.0%

Long term expected rate of return on these assets

Equities	7.3% pa	7.8% pa
Government Bonds	3.3% pa	3.8% pa
Corporate Bonds	4.6% pa	4.5% pa
Property	6.8% pa	7.3% pa
Other Assets	7.3% pa	7.8% pa
Cash	1.6% pa	1.4% pa
Overall long term expected rate of return	6.2% pa	6.7% pa

The overall expected rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the fund as at 30 September 2011

Amounts disclosed in the financial statements

	Group		Company	
	As at 30 Sept 2011 £'000	As at 30 Sept 2010 £'000	As at 30 Sept 2011 £'000	As at 30 Sept 2010 £'000
The amounts recognised in the balance sheet are				
Fair value of plan assets	23,930	23,550	23,930	23,550
Present value of funded obligations	(39,750)	(37,980)	(39,750)	(37,980)
Net funded pension plan deficit	(15,820)	(14,430)	(15,820)	(14,430)
Present value of unfunded obligations	(1,196)	(1,310)	(1,196)	(1,310)
Company's deficit	(17,016)	(15,740)	(17,016)	(15,740)
Related deferred tax asset	0	0	0	0
Net liability disclosed on balance sheet	(17,016)	(15,740)	(17,016)	(15,740)
The amounts recognised in the profit and loss account are				
Current service cost	1,120	1,000	1,120	1,000
Transfer of obligation from subsidiary	0	210	0	1,000
Expected return on plan assets	(1,590)	(1,360)	(1,590)	(1,360)
Interest on obligation	1,910	1,970	1,910	1,970
Total charge	1,440	1,820	1,440	2,610
Actual return on scheme assets	(800)	2,470	(800)	2,470
Amounts recognised in statement of total recognised gains and losses (STRGL) are				
Actuarial gain/(loss) recognised in STRGL	(1,610)	(2,440)	(1,610)	(2,440)
Change in inflationary assumptions	0	3,510	0	3,510
Total amount recognised in STRGL	(1,610)	1,070	(1,610)	1,070

The cumulative actuarial losses recognised in the STRGL are £7,331k

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

19 PENSION AND SIMILAR OBLIGATIONS - Continued

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Changes in the values used to calculate the funded plan deficit are as follows

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	30 Sept 2011	30 Sept 2010	30 Sept 2011	30 Sept 2010
	£'000	£'000	£'000	£'000
Changes in the present value of the defined benefit obligation are as follows				
Opening defined benefit obligation	37,980	35,580	37,980	33,410
Transfer of obligation from subsidiary	0	0	0	2,170
Interest cost	1,910	1,970	1,910	1,970
Current service cost	1,120	1,000	1,120	1,000
Change in inflationary assumptions	0	(3,510)	0	(3,510)
Actuarial (gains)/losses	(780)	3,550	(780)	3,550
Net benefits paid out	(850)	(960)	(850)	(960)
Contributions by participants	370	350	370	350
Closing defined benefit obligation	39,750	37,980	39,750	37,980
Changes to the fair value of plan assets are as follows				
Opening fair value of plan assets	23,550	20,520	23,550	19,350
Transfer of assets from subsidiary	0	0	0	1,170
Expected gains on assets	1,590	1,360	1,590	1,360
Actuarial (losses)/gains on assets	(2,390)	1,110	(2,390)	1,110
Net benefits paid out	(850)	(960)	(850)	(960)
Contributions paid by the employer	1,660	1,170	1,660	1,170
Contributions by participants	370	350	370	350
Closing fair value of plan assets	23,930	23,550	23,930	23,550

The company expects to contribute £2,180,000 to its defined benefit pension plan in 2011-2012.

History of experience gains and losses

For the years ended	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Group					
Plan Assets	23,930	23,550	20,520	18,060	19,390
Defined benefit obligation	(39,750)	(37,980)	(35,580)	(24,790)	(26,620)
Unfunded obligation	(1,196)	(1,310)	(1,310)	(1,176)	0
Deficit	(17,016)	(15,740)	(16,370)	(7,906)	(7,230)
Experience adjustments on plan assets	(2,390)	1,110	530	(3,440)	970
Experience adjustments on plan liabilities	170	170	(100)	(1,520)	(50)
Company					
Plan Assets	23,930	23,550	19,350	16,990	17,950
Defined benefit obligation	(39,750)	(37,980)	(33,410)	(23,360)	(24,880)
Unfunded obligation	(1,196)	(1,310)	(1,310)	(1,176)	0
Deficit	(17,016)	(15,740)	(15,370)	(7,546)	(6,930)
Experience adjustments on plan assets	(2,390)	1,110	500	(2,890)	900
Experience adjustments on plan liabilities	10	170	(100)	(1,560)	(50)

19 PENSION AND SIMILAR OBLIGATIONS - Continued
Teachers' Pension Scheme

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

Under the definitions set out in FRS17 the TPS is a multi-employer, defined benefit pension scheme administered by the Department for Education. However a notional fund is used as the basis for calculating the employers' contributions as paid by the company. The company is not able to identify its share of the underlying financial position and performance of the scheme and, therefore, for these Financial Statements it is accounted for as if it were a defined contribution scheme. Contributions are charged to the profit and loss account in the year to which they relate.

	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Employer's contribution	262	235
Employees' contribution	124	112
Agreed future employer contribution rate	14.1%	14.1%
Agreed future employee contribution rate	6.4%	6.4%

20 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Group	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Net incoming resources before taxation	5,881	3,253
Interest receivable	(62)	(11)
Net repayments/(receipts) of finance funding	5	(15)
Depreciation charges	911	869
Decrease/(Increase) in debtors	348	(293)
Increase in creditors	396	179
Difference between pension charge and cash contributions	(334)	650
(Increase)/Decrease in stock	(68)	57
Net cash inflow from operating activities	7,077	4,689

21 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

Group	Year ended 30 Sept 2011 £'000	Year ended 30 Sept 2010 £'000
Increase in cash in year	6,837	2,527
Increase/(Decrease) in funds	5	(15)
Change in net funds from cash flows	6,842	2,512
Net funds at 1 October	5,511	2,999
Net funds at 30 September	12,353	5,511

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS - Continued

22 ANALYSIS OF NET FUNDS

	30 Sept 2010	Cash Flow	Non-cash Flows	30 Sept 2011
Group	£'000	£'000	£'000	£'000
Cash in hand and at bank	5,526	6,837	0	12,363
Loans	(15)	5	0	(10)
Total	5,511	6,842	0	12,353

23 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 educational resources, professional development and youth arts activities (see note 4). At the year end the amounts owed to WJEC CBAC Limited from the local authorities was £112,670 (2010 £144,706). All amounts owing were received prior to the signing of these accounts.

At 30 September 2011 the amount owing to Rhondda Cynon Taff County Borough Council Local Government Pension Scheme was £140k (2010 £125k), this relates to the amounts payable for the September payroll. No amounts were payable to the Teachers' Pension Scheme.

24 CAPITAL COMMITMENTS

The charity has capital commitments as at 30 September 2011 of £nil (30 September 2010 – £0.075m).

25 MEMBERS' LIABILITY

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