

WJEC CBAC LIMITED

Registered Number: 3150875

Charity Number: 1073332

A Company Limited by Guarantee

ANNUAL REPORT OF DIRECTORS AND TRUSTEES

AND

GROUP ACCOUNTS

30 September 2019

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WJEC CBAC LIMITED OFFICERS AND PROFESSIONAL ADVISERS

TRUSTEES AND OFFICERS

Ms J P Moonan (Chair)
Ms B Downes (Vice Chair)
Ms J Leigh Jones (Vice Chair)
Mr N A Du Cros
Dr M L James
Cllr. A R Lockyer
Mr R J Pendlebury
Cllr. E Thomas
Cllr. C R Williams

COMPANY SECRETARY

Ian Morgan

PRINCIPAL OFFICERS – KEY MANAGEMENT PERSONNEL

Ian Morgan – Chief Executive
Elaine Carlile – Director of Assessment Delivery & Responsible Officer
Ian Edwards – Director of Operations
Beverley Green – Head of Human Resources
Siân Llewelyn – Head of Welsh Language Service
Catherine Roberts-Straw – Assistant Director of Strategy
Abigail Williams – Director of Finance

BANKERS

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

SOLICITORS

Geldards LLP
Dumfries House
Dumfries Place
Cardiff
CF10 3ZF

AUDITOR

Deloitte LLP
5 Callaghan Square
Cardiff
CF10 5BT

INVESTMENT CONSULTANT

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

FUND MANAGER

Barings
155 Bishopsgate
London
EC2M 3XY

FUND MANAGER

Ruffer
80 Victoria Street
London
SW1E 5JL

FUND MANAGER

Legal & General
PO Box 6080
Wolverhampton
WV1 9RB

REGISTERED OFFICE AND PRINCIPAL OFFICE

245 Western Avenue
Llandaff
Cardiff
CF5 2YX

WJEC CBAC LIMITED LEGAL AND ADMINISTRATIVE INFORMATION

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

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 in relation to qualifications, educational resources and National Youth Arts and inherited the assets and liabilities of that former organisation on 1 April 1996. The company became a registered charity on 15 January 1999. On 1 October 2017, WJEC CBAC Limited transferred its National Youth Arts activity to a new and unconnected company, National Youth Arts Wales Limited. WJEC CBAC Limited retains a residual interest in this area through the management of the Neil and Mary Ellen Webber Bursaries Fund to provide bursaries and support developmental initiatives.

GROUP STRUCTURE

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

WJEC CBAC (Services) Limited

The subsidiary was established in 1996, prior to the registration of WJEC CBAC Limited as a charity, to provide specialist printing and publication services to support the Charity's core functions.

At the end of the reporting period, four of the Charity Directors were also Directors of the subsidiary and reviewed 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 operating performance.

BOARD OF DIRECTORS AND TRUSTEES

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

At the end of the reporting period the Board of Directors comprises five Directors appointed on behalf of the local authorities along with eight non-Executive Directors who are appointed through an open public route. At the date of signing the accounts, the Board of Directors comprises three Directors appointed on behalf of the local authorities along with six non-Executive Directors who are appointed through an open public route.

Chair of Board -	Ms J P Moonan (from 23 March 2020) Mr M T Evans (to 23 March 2020)
Vice-Chair of Board -	Ms B Downes (from 23 March 2020) Ms J Leigh Jones (from 23 March 2020) Ms E M Williams (to 13 December 2019)
Company Secretary -	Mr Ian Morgan (from 25 November 2019) Ms G Lloyd Aubrey (to 25 November 2019)

WJEC CBAC LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION - Continued

BOARD OF DIRECTORS AND COMMITTEE MEMBERSHIP

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

	Board of directors for WJEC CBAC Limited	Audit and Assurance Committee	Management Group see note (l)	Remuneration Committee	Nominations Committee See note (m)	Board of Directors for WJEC CBAC (Services) Limited
Mr M T Evans (resigned 23 March 2020) see notes (f) and (k)	✓		✓			
Ms B Downes see notes (n), (o) and (p)	VC			C	✓	
Mr N A Du Cros (appointed 22 October 2018) see notes (b) and (c)	✓	✓				✓
Cllr. G Giles (resigned 15 January 2019) see note (d)	✓					
Dr M L James (appointed 22 October 2018) see notes (b), (c) and (g)	✓	✓	✓			
Ms J Leigh Jones see notes (i), (n) and (o)	VC				✓	C
Cllr. A R Lockyer see note (e)	✓	C				
Cllr P A Marsden (appointed 15 July 2019, resigned 19 November 2019) see note (d)	✓					
Cllr S Merry (resigned 27 July 2020) see note (r)	✓					
Ms J P Moonan see notes (n), (o) and (p)	C			✓	C	
Mr R J Pendlebury (appointed 22 October 2018) see notes (b) and (c)	✓	✓		✓		
Cllr. J P Rosser (appointed 1 October 2018, resigned 25 September 2019) see notes (a), (c) and (e)	✓					
Cllr. E Thomas see notes (e) and (q)	✓		✓	✓		
Cllr. G Thomas (appointed 5 October 2018, resigned 15 July 2019) see notes (a), (c), (d) and (g)	✓					
Cllr C R Williams (appointed 15 July 2019) see notes (d) and (q)	✓	✓				✓
Ms E M Williams (resigned 13 December 2019) see notes (i) and (j)	✓					
Cllr. E W Williams (resigned 1 October 2018) see note (h)	✓					

C = Chair

✓ = Member

VC = Vice Chair

Notes:

- The Welsh Local Government Association notified WJEC CBAC Limited that Cllr P J Rosser and Cllr G Thomas had been appointed to serve on the Board of Directors of WJEC CBAC Limited, and they were appointed to the Board in October 2018.
- Following interviews held on 24 September 2018, three Directors (recruited through an open public route) were recommended to the Board for appointment. Board members unanimously approved the appointment of Mr N A Du Cros, Dr M L James and Mr R J Pendlebury.
- On 14 December 2018, WJEC CBAC Limited Board of Directors agreed the appointment of the new Directors noted in (a) and (b) to WJEC Committees and to the WJEC CBAC (Services) Limited Board of Directors.
- Cllr G Giles and Cllr G Thomas resigned from the Board of Directors for WJEC CBAC Limited on 15 January 2019 and 15 July 2019 respectively. Prior to their resignations, both members served on the Remuneration

WJEC CBAC LIMITED
LEGAL AND ADMINISTRATIVE INFORMATION - Continued

- Committee. The Welsh Local Government Association notified WJEC CBAC Limited that Cllr P A Marsden and Cllr C R Williams had been appointed as replacements to serve on the Board of Directors of WJEC CBAC Limited, and they were appointed to the Board in July 2019.
- e) Cllr Edward Thomas was appointed to serve as Acting Chair of the Audit and Assurance Committee from 30 April 2018 to 14 December 2018. On 14 December 2018, WJEC CBAC Limited Board of Directors agreed the appointment of Cllr J P Rosser as Chair of the Audit and Assurance Committee. Cllr J P Rosser served as Chair until her resignation on 25 September 2019, at which time Cllr A R Lockyer stood in as Interim Chair for the Audit and Assurance Committee. He was appointed Chair of this Committee on 23 March 2020.
 - f) Mr M T Evans resigned from the Remuneration Committee on 14 December 2018.
 - g) Cllr G Thomas was appointed to serve on the Remuneration Committee on 14 December 2018, and served until his resignation from the Board.
 - h) Prior to his resignation from the Board of Directors on 1 October 2018, Cllr E W Williams was the Vice Chair of the Board of Directors of WJEC CBAC (Services) Limited.
 - i) On 14 December 2018, Ms E M Williams resigned as the Chair of the WJEC CBAC (Services) Limited Board of Directors and was appointed Vice Chair of that Board. On the same date, Ms J L Jones was appointed Chair, having been a member of the Committee since 27 April 2018.
 - j) On 13 December 2019 Ms E M Williams resigned from the Board of Directors for WJEC CBAC Limited. Prior to her resignation, Ms E M Williams was Vice Chair of the Board of Directors, WJEC CBAC (Services) Limited, the Management Group and the Governance and Nomination Panel.
 - k) Mr M T Evans resigned from the Board of Directors for WJEC CBAC Limited on 23 March 2020. Prior to his resignation, Mr M T Evans was Chair of the Board of Directors, the Management Group and the Governance and Nominations Panel.
 - l) On 23 March 2020 the Board of Directors decided that the responsibilities of the Management Group would be more appropriately dealt with by the Board itself, or by other Committees in some instances. The table above reflects the membership of the group at that date.
 - m) On 23 March 2020, the Governance and Nominations Panel was re-named the Nominations Committee.
 - n) On 23 March 2020, Ms J P Moonan was appointed Chair of the Board of Directors, and Ms B Downes and Ms J Leigh Jones were appointed Vice Chairs.
 - o) On 23 March 2020, Ms J P Moonan, Ms B Downes and Ms J Leigh Jones were appointed to the Nominations Committee. Ms J P Moonan was appointed Chair.
 - p) On 23 March 2020, Ms J P Moonan resigned as the Chair of the Remuneration Committee but remained a member of the Committee. On the same date, Ms B Downes was appointed Chair.
 - q) On 24 April 2020, Cllr. E Thomas was appointed to the Remuneration Committee, Dr M L James was appointed to the Audit and Assurance Committee and Cllr. C R Williams was appointed as a Director of WJEC CBAC (Services) Limited.
 - r) On her resignation from the Board of Directors of WJEC CBAC Limited, Cllr. S Merry also resigned as a director of WJEC CBAC (Services) Limited.
 - s) During the reporting period, Mr G Briscoe served as a co-opted member of the Audit and Assurance Committee.

EXECUTIVE LEADERSHIP TEAM (ELT)

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

Designation	Name
Chief Executive	Ian Morgan (from 21 May 2019)
Chief Executive	Roderic Gillespie (to 20 May 2019)
Director of Assessment Delivery & Responsible Officer	Elaine Carlile (Responsible Officer from 21 May 2019)
Director of Operations	Ian Edwards
Head of Human Resources	Beverley Green
Head of Welsh Language Service	Sian Llewelyn
Director of IT	Ian Morgan (until 20 May 2019)
Assistant Director of Strategy	Catherine Roberts-Straw
Director of Finance	Abigail Williams (Acting to 21 October 2018)

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2019
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The Trustees, who are also directors of the charitable company, present their annual report (including the Strategic Report) on the affairs of the Charity and the group, together with the financial statements and auditor's report for the year ended 30 September 2019.

CORPORATE GOVERNANCE AND MANAGEMENT

Board of Directors and Committee Structure, Purpose and Attendance

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

At the 2018 Annual General Meeting, held on 25 January 2019, following receiving Charity Commission approval, a Special Resolution was presented and passed to amend the definition for the Charitable Object in the Articles of Association for WJEC CBAC Limited relating to Youth Arts in Wales.

During the previous reporting period, the Board commissioned an external Board Effectiveness Review and appointed an external organisation to undertake this work. The review was undertaken during the current reporting period and the Board is currently implementing some of the recommendations from the review.

The Board is responsible for the administration of the Charity, setting the strategic direction, determining the risk appetite, overseeing the delivery of its charitable objects and influencing the culture and operational management of the organisation. The Board regularly reviews its terms of reference and those of its committees, to ensure that they accurately reflect their purpose, duties and responsibilities and continue to meet the needs of the Charity. The Board met four times during the year ended 30 September 2019.

The Audit and Assurance Committee is responsible for providing independent oversight and scrutiny of the strategic and operational management of the Charity. One of its key duties is to review the annual accounts and financial statements before their submission to Board for approval. It is also charged with planning and monitoring the work of internal audit, considering the appointment of the internal and external auditors and reviewing the findings of internal and external audit. The Committee currently comprises five trustees and currently also has one co-opted member. The external auditor has the right to attend Committee meetings; these are normally attended by both internal and external auditors. Following the resignation of the Chair of the Audit and Assurance Committee in September 2019, the Board agreed to appoint an Acting Chair from amongst its number. The Acting Chair, Cllr Alan Lockyer, was formally appointed to this position on 23 March 2020. The Committee met three times during the reporting period.

The Nominations Committee (previously the Governance and Nominations Panel) oversees the recruitment, selection and appointment of all Directors and senior management. The Committee is also responsible for the development, appraisal and oversight of all governance arrangements. The committee comprises three Directors, which includes the Chair and Vice Chair(s) of the Board of Directors.

Prior to its disbandment, the Management Group was responsible for contributing to the initial stages of the review and update of the strategic business plan, reviewing information relating to group financial and operational management and reviewing the performance of investments. The group comprised four trustees and the Chief Executive and met four times during the reporting period.

The Remuneration Committee is responsible for the development, appraisal, oversight and implementation of the remuneration strategy and policy. The Committee currently comprises four trustees. The committee met five times during the reporting period.

During the period ended 30 September 2019, the Board of Directors and Committee membership is as noted on page 3.

A Task and Finish Group was set up during the reporting period to effectively manage and monitor the recruitment, selection and appointment of the Chief Executive of WJEC CBAC Limited. The Group was made up of five Trustees, supported by the Head of HR. In March 2020, Ian Morgan was appointed as Chief Executive, having undertaken the role on an interim basis since May 2019.

Director Recruitment, Appointment and Induction

The Board has delegated the responsibility for overseeing the process of recruiting and appointing Directors through an open public route to the Nominations Committee (previously the Governance and Nominations Panel). The nature of each appointment is determined with reference to an agreed skills matrix, with

consideration given to the diversity of the current Board membership and any emerging future requirements. Appointments are subject to a rigorous interview process with recommendations made to the Board for approval.

On appointment, each Director is required to undertake a mandatory formal induction. The induction pack, amongst other relevant material, includes key information such as the Memorandum and Articles of Association of the company, a summary of their legal obligations in their role as a Director and Trustee, the Charity Commission's Welcome Pack for newly appointed trustees and a copy of the most recent version of the Charity Governance Code along with other relevant Charity Commission literature (e.g. The Essential Trustee). The pack also includes an outline of the main and recent activities of the Charity, including its vision, mission and values, most recent annual report, financial statements and strategic plan. They are also required to meet the statutory obligations that relate to taking office as a Director of a Company and a Charity Trustee, and are asked to sign an eligibility declaration to this effect and also sign up to the charitable company's Code of Conduct.

The Company Secretary is responsible for registering the new Directors with both Companies House and the Charity Commission. The Company Secretary also maintains a Register of Interests and all Directors upon appointment and annually whilst holding office are required to disclose any conflict of interests and sign up to the Conflict of Interest policy. The Conflict of Interest policy was reviewed and approved by the Board in December 2018. Directors are also required to comply with the WJEC CBAC Limited Code of Conduct for Trustees.

The Governance and Nominations Panel also oversees Director nominations to Committees. A number of factors are considered by the panel when making committee nomination recommendations to the Board, including Board attendance, contribution made at meetings, the register of interests, gender balance, equality and diversity, and the skills matrix.

Executive Leadership Team (ELT)

The ELT provides executive and operational management for the organisation, delivering the strategic objectives set by the Board of Directors in pursuing the mission and charitable purpose. ELT generally meets for an extended meeting once per month, with supplementary meetings weekly as required. The membership of ELT is as noted on page 4.

The Remuneration Committee is responsible for overseeing the implementation of the remuneration policy for the ELT. The aggregated emoluments for ELT, who are the key management personnel, are outlined in note 11.

Risk Management and Assurance

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

The principal risks and uncertainties, as identified by Charity Trustees, relate to the demands of the regulatory environment, engagement with high quality examiners and the risk of a Cyber-attack. The strategies for managing these risks are based, respectively, on sustained engagement with regulators in Wales and England on current and forward-looking issues and detailed tracking of compliance; examiner recruitment initiatives of our own allied with a wider set of actions taken forward by JCQ and school / college leadership associations; and continuous monitoring processes and malware defences technical measures.

Risks that directly link to the business transformation programme (see Review of Activities and Future Developments section of the report) are also closely managed and monitored. These include risks related to the governance, culture and structure of the organisation as well as the transformation of Key Business Systems.

The potential impact of developments in relation to Brexit is also a risk that is being managed and monitored by ELT.

Since the end of the reporting period, risks associated with the Covid-19 pandemic have also been closely monitored by the Trustees, including operational delivery and health and safety risks.

Financial Risk Management

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

WJEC CBAC Limited's exposure to price risk (the risk of decline in the value of a security) has been considered and limited by investing a proportion of its reserves with two fund managers, each with a different portfolio of low risk and ethical securities, along with the investment of another proportion of reserves during the reporting period in a short-dated corporate bond fund. This, together with the appraisal of investment performance at Management Group meetings, which include regular independent market updates by an investment specialist, provide the Charity with an acceptable level of assurance.

Credit risk is closely monitored and controlled by virtue of a structured credit control routine, with established procedures for escalation, set against standard payment terms. Aged debt is reviewed monthly by the Director of Finance and all debt exceeding 180 days and £10k is reported to the Board. WJEC CBAC Limited has a customer base of schools, colleges and educational centres that are predominantly government funded, which also affords the Charity inherently less risk of bad and doubtful debt.

Working capital management is incorporated into the Charity's financial planning, monitoring and forecasting activity with cash, stock, debtors and short-term creditors included in regular financial performance reporting to the Board. A strong reserve position coupled with a predictable cyclical cash flow pattern and unrestricted access to managed funds means that WJEC CBAC Limited can meet its financial obligations, including those that arise in the short term. Liquidity and cash flow risk are, therefore, minimised.

Qualifications, Assessment and Educational Support

WJEC CBAC Limited continues to engage with key stakeholders. In particular, the regular meetings of its Wales Advisory Group and England Advisory Group provide a direct means for stakeholders to advise on qualification and resource development and to provide feedback and gain insights in relation to our range of services. WJEC CBAC Limited also engages with other stakeholders, including through a Head Teachers Reference Group and with CYDAG. Internally, WJEC CBAC Limited manages and reviews qualifications related activity via three main groups, being the Qualifications Development Management Group, Assessment Management Group and the Products Management Group. These groups, along with supporting sub-groups, ensure that WJEC CBAC Limited remains on target to meet its objectives in relation to providing qualifications, assessments and educational resources for the future.

Regulation

WJEC CBAC Limited, in discharging its awarding organisation responsibility to regulators in Wales, England and Northern Ireland, provides an annual statement of compliance to each regulator. In preparing for the delivery and award of each summer series in England, WJEC CBAC Limited also engages in Ofqual's Readiness Review and with Qualifications Wales' qualification delivery management group, both of which have been established to oversee the delivery and awarding processes for the qualifications delivered by WJEC CBAC Limited under its WJEC and Eduqas brands.

Qualifications Wales continues to monitor WJEC CBAC Limited activity through engagement with senior staff at a range of meetings and by attending question paper evaluation committee (QPEC) meetings, examiner training conferences and awarding meetings for a range of qualifications including the Welsh Baccalaureate Skills Challenge Certificate qualifications.

Welsh Language

In the context of the Welsh Government's policy emphasis on increasing the number of speakers of the Welsh language to 1 million by the year 2050, WJEC CBAC Limited has a strategic role to play in several developmental and delivery contexts. We are involved with Qualifications Wales in exploratory work relating to the concept of developing a "continuum" of language skills learning spanning what are currently separately labelled as "Welsh" and "Welsh 2nd language" routes at GCSE.

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

Through a partnership with Coleg Cymraeg Cenedlaethol, WJEC CBAC Limited provides a Welsh language skills certificate for students within the higher education sector, "Tystysgrif Sgiliau Iaith", complementing an existing qualification that has been available for a number of years that is taken mainly by post-16 learners in vocational settings, "Yr Iaith ar Waith".

There is a substantial contextual emphasis on the Welsh language in the workplace in relation to the Health & Social Care and Child Care vocational qualifications to be developed in partnership with City & Guilds. This will provide further opportunities for WJEC CBAC Limited to undertake leading work, alongside the strategic partners

in this development (Social Care Wales and NHS Wales) and key stakeholders that also place a strong emphasis on the Welsh language, especially Mudiad Meithrin and Colegau Cymru.

WJEC CBAC Limited is committed to promoting and supporting a bilingual education system, including continuously looking to improve methods of working with publishers of resources and securing sufficient bilingual skills in all teams. This is also demonstrated through working with the Welsh Language Commissioner in relation to the Welsh Language Scheme and delivering bilingual services.

OBJECTIVES OF THE CHARITY

Mission Statement

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

Corporate Objectives

The Company is established for the following objects:

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

STRATEGIC REPORT - REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

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

WJEC CBAC Limited awarded approximately 78,500 A Levels (2018 – 80,000), a decrease of 1.9%; AS awards were approximately 50,400 (2018 – 60,200), a decrease of 16.3%; GCSE subject awards decreased by 1.2% on the previous year with a total award of approximately 619,200 GCSEs (2018 – 626,900). This reporting period represents the fourth year of qualification reform. A Level awards have been fairly stable, whereas the significant decrease in AS entries continues due to the fact that students in England no longer need to take AS units as part of the reformed linear A level qualifications. GCSE awards have stabilised, having fallen last year due to a drop in early and multiple entries for GCSEs in Wales.

Following recommendations from Welsh Government, a new suite of four Welsh Baccalaureate qualifications was introduced in September 2015. 12,300 learners completed the Advanced Welsh Baccalaureate in 2019, a decrease of 3.1% from 2018 (12,700), but still higher than 2017 (11,600). At Key Stage 4, 28,000 learners completed the qualification, up very slightly from 27,800 in 2018. Fewer than 50 learners completed the National Post-16 Welsh Baccalaureate in 2019, with no learners completing the Foundation level.

WJEC CBAC Limited will continue to place emphasis on the accessibility of advice and resources which support our qualifications, working in accordance with the general "conditions of recognition" that were introduced by regulators in 2012 and which have subsequently been updated. During the reporting period, WJEC CBAC Limited continued investing in the production of educational resources to support qualifications, with a 34% increase in educational resources files. The Charity's commitment to supporting schools and colleges is underpinned by an extensive range of Professional Learning courses for practitioners; approximately 400 face-to-face events and 100 online events are held annually reaching over 15,000 delegates. WJEC continues to review and update its professional learning programme and this year introduced more thematic based events into the programme and has been working in partnership with the four Consortia in Wales to develop joint events.

The success of WJEC CBAC Limited's qualifications portfolio in both Wales and England provides a sound platform from which to increase the take-up of our reformed GCSE and GCE qualifications. In Wales, WJEC

CBAC Limited has emerged as sole provider of the reformed GCSE (A*-G grades) and GCE (AS/A2 coupled) subject specifications. Summer 2019 represented the first year of award for the third and final phase of reformed GCSE and GCE qualifications in Wales and England. In relation to vocational qualifications in Wales, WJEC CBAC Limited is actively involved in the process whereby Qualifications Wales seeks to appoint awarding bodies to deliver reformed provision in specific sectors. In conjunction with our consortium partner City and Guilds, development work in respect of a suite of new Health and Social Care and Childcare qualifications progressed during the reporting period. Qualifications in the first phase of reform were offered to learners in September 2019.

As the education landscape changes, it's important that WJEC CBAC Limited remains firmly focused on its vision as it will continue to be at the heart of everything. To ensure that WJEC CBAC Limited is able to evolve as an organisation to continue to meet the needs of stakeholders in the changing education landscape, an organisational transformation programme will focus on strategic initiatives around six key corporate priorities:

- Provide Excellent Quality
- Support our Education Communities
- Develop our People
- Deliver Sustainable Growth
- Shape our Digital Future
- Engage and Communicate

Much of the work in 2020 will be about getting to know customers better and gaining greater insight to improve the understanding of what needs to be done to ensure that the vision is delivered.

The extended and improved use of technology to support the organisation continues to be a priority which is recognised by the continued investment in the transformation of key business systems. Whilst the initial focus has been on technical redevelopments, many underlying business processes have benefited from increased innovation and the culture of continuous improvement. The work around managing our relationships with examiners and our external customers (schools, colleges, teachers and learners) can be further evidenced through continued development of the Appointees Management Portal (AMP), building additional functionality to support an increased range of interactions and processes across the business. This work has been complemented by continued development and support of existing systems to ensure that WJEC CBAC Limited is able to meet its awarding obligations as well as utilising existing technologies in more cost effective ways.

As well as continuing to offer a range of on-screen assessment applications for General and Vocational qualifications, WJEC CBAC Limited based on its success from the previous year has also continued with the implementation of e-submission solutions with partners, which allow candidates' non-examined assessment work to be uploaded in digital form, removing the need for printed versions to be produced and mailed to assessors or moderators.

"Question Bank" is a free tool which allows users to create practice question papers from thousands of WJEC past papers. Question Bank continues to be a useful and popular resource for teachers and students and facilitates the provision of practice assessments for many of WJEC CBAC Limited's general qualifications.

Other key areas of activity relate to Cyber Security and ensuring that the organisation has an appropriate level of security, monitoring and reactive processes in place to mitigate the wider risks to the organisation. WJEC CBAC Limited holds the Cyber Essentials Plus accreditation, the industry certification standard for this area.

The productive commissioning partnership with the Welsh Government in the context of the Welsh-language Teaching and Learning Resources Scheme has evolved to an arrangement to support the production of Welsh-medium resources which WJEC CBAC Limited is uniquely placed to develop. The agreement supports WJEC CBAC Limited's commitment to commissioning and delivering a wide programme of curriculum resources supported by appropriate professional development provision.

Although National Youth Arts Wales activity has transferred to the new National Youth Arts Wales Limited entity, WJEC CBAC Limited retains an interest by holding and administering the Neil and Mary Ellen Webber Bursaries Fund (see note 21). During the reporting period, WJEC CBAC Limited awarded 42 bursaries amounting to £15,730 in respect of members of the NYAW Brass Band, Orchestra and Wind Orchestra. All bursaries awarded contributed towards member residency fees.

In February 2020 the Trefforest site was affected by flooding. However, through the implementation of the organisation's established Disaster Recovery and Business Continuity plans, there was no disruption to services.

Covid-19 was declared a pandemic, and March 2020 saw the closure of schools and the cancellation of the summer series examinations in England and Wales. Although the examinations were cancelled, the majority of students entered for qualifications have received a calculated grade. Therefore, whilst the service provided to centres is different in respect of the summer series, the demand for WJEC CBAC Limited's services continues. During the pandemic, WJEC CBAC Limited remains committed to continuing to deliver its charitable objectives

and is also focussed on ensuring the wellbeing and safety of staff. WJEC CBAC Limited has been able to successfully operate and deliver its services during the lockdown period.

The non-adjusting post balance sheet events arising from the financial consequences of the Trefforest flooding and the Covid-19 pandemic are summarised in note 26 to the financial statements.

Measuring Performance

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

In evaluating performance indicators relating to the reporting period, WJEC CBAC Limited has complied with all regulatory requirements and at the date of signing these accounts has had no "special conditions" imposed by the regulator. In addition to the standard five-year budget planning and monthly budget monitoring, WJEC CBAC Limited has scrutinised, reviewed and amended its in-year budget in line with forecast change and evaluated its performance to effectively manage the annual surplus contribution to reserves. In addition, appropriate opportunities within the risk appetite of the Board have been taken to maximise investment growth, with a view to enhancing the future reserves position. WJEC CBAC Limited regularly reviews data relating to the quality and delivery of assessments and, as the activities above indicate, measures outputs relating to educational support and continuing professional development.

STRATEGIC REPORT – FINANCIAL REVIEW

Financial Performance

The group statement of financial activities for the year is set out on page 17. The Charity's income has increased from £45.1m to £47.7m, an increase of 5.8%. In terms of volume, the largest increase is in respect of Vocational Qualifications. The net increase in funds for the year, prior to adjusting for the effect of the defined benefit pension scheme, is £1.6m, compared to last year's increase of £1.1m. An adverse actuarial adjustment of £12.3m, relating to market changes affecting the current value of pensions, results in a net decrease in funds of £10.8m.

The Charity contributes to the Rhondda Cynon Taf Local Government pension scheme, which is a defined benefit scheme. As with many organisations, the application of accounting principles in relation to defined benefit schemes has resulted in the disclosure of a pension liability for the Charity. The Board is fully aware of the position and additional employer contributions are being paid to reverse this liability over future years. WJEC CBAC Limited monitors pension activity through its Remuneration Committee and this, together with a five-year budget planning process focused around maintaining a strong reserves position, ensures that the pension liability is managed.

The subsidiary, WJEC CBAC (Services) Limited, made a profit for the year before Gift Aid and taxation of £113k (2018 - £433k). The subsidiary made a donation of £481k to the Charity by means of Gift Aid in respect of the year ended 30 September 2018 (2018 - £582k in respect of the year ended 30 September 2017). The directors of WJEC CBAC (Services) Limited had intended to donate £153k Gift Aid to the parent company in respect of the year ended 30 September 2019 within nine months of the year-end. However, as a result of the Covid-19 pandemic, the company had insufficient distributable reserves to make the payment and has therefore incurred a £29k corporation tax charge for the period.

Reserves

The Charity's policy on restricted reserves is to separately record income, including through grants, agreements and donations, where restrictions are imposed that are narrower than the Charity's overall objectives. The majority of these incoming resources have been utilised in the year for their intended purpose, with any unspent income being held as a fund balance at the end of the reporting period.

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 made significant inroads into the liquidity of the accumulated free reserves. In more recent years, WJEC CBAC Limited has built its reserve balance and implemented improved fund management, through an annual five-year budget planning cycle, complemented by a close monitoring and forecasting regime. Total funds were £36.477m at 30 September 2019, of which £0.996m were restricted, resulting in unrestricted funds of £35.481m. The unrestricted funds balance of £35.5m at 30 September 2019 is in comparison to a balance of £46.1m at 30 September 2018, the change being primarily due to the adverse actuarial adjustment in relation to the defined benefit pension scheme. Whilst the defined benefit pension scheme liability remains a significant balance sheet item, the Trustees are satisfied that WJEC CBAC Limited has sufficient reserves and a robust financial plan in place to ensure resources remain available for general application in the foreseeable future.

Investments

The investments of the Charity are managed according to the powers defined within its constitution and overseen by the Management Group, within parameters set by the Board of Directors.

A proportion of the Charity reserves is invested on a medium-term basis under fund management, with a low risk and ethical profile. Funds are held with two fund managers, which were appointed as a result of a rigorous selection process undertaken by the Investment Committee at the time, and following Board of Director approval. A panel of Management Group Directors, supported by WJEC CBAC Limited's independent investment consultant, met with Fund Managers in March 2018 to initiate a review of future investment strategy. Following further discussions at Board and Management Group, a £5m investment in short-term bonds was made in November 2018. During the reporting period the three combined funds generated a net gain on investment amounting to £334k (2018 - £218k).

The independent investment consultant appraises the quarterly report of each fund manager and provides guidance and support to the Management Group when required in making its investment recommendations to the Board.

Changes in Fixed Assets

The movements in fixed assets during the year are set out in notes 13 and 14. Although development of the Appointees Management Portal continued during the year, along with investment in other assets, the Fixed Assets net book value continues to fall due to the depreciation in respect of the significant capital investment in recent years.

Going Concern

The Trustees have assessed the appropriateness of the going concern basis through an updated budget and five-year plan covering the period to September 2025 and are satisfied that it continues to be appropriate to use the going concern basis of preparation for the financial statements for the year ended 30 September 2019 (see note 1).

STRATEGIC REPORT - PRINCIPAL CHANGES AND UNCERTAINTIES

WJEC CBAC Limited continues to be the major provider of GCSE and GCE qualifications in Wales, where the reformed qualifications are based on distinctive design principles as required by the Welsh Government and Qualifications Wales. This reform has been phased on a subject-by-subject basis across a three-year period such that the last of the new qualifications were introduced for teaching in September 2017. Over the same time period, WJEC CBAC Limited has delivered its reformed GCSEs and GCEs for England, building on a successful decade of activity in that country.

WJEC CBAC Limited, as a result of jointly securing the contract to develop and deliver Health and Social Care and Childcare qualifications in Wales, continues to work closely with Qualification Wales, City and Guilds and external stakeholders in order to meet the required timescales and successfully discharge our obligations.

DIRECTORS AND THEIR INTERESTS

The Director roles for WJEC CBAC Limited and WJEC CBAC (Services) Limited for the reporting period have been un-remunerated. During the reporting period, 13 of the Directors have received a total of £8k in reimbursed travel and subsistence expenses. This equates to an average of £615 per Director who received any reimbursement.

WJEC CBAC LIMITED REPORT OF DIRECTORS AND TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued
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All WJEC CBAC Limited and WJEC CBAC (Services) Limited Directors are indemnified in accordance with the group insurance for group Directors' and Officers' liability.

RELATED PARTIES

The guarantors of WJEC CBAC Limited are the 22 local authorities in Wales, which also nominate six of the directors and trustees in office. These authorities were historically charged directly for services in respect of the Shared Services Agreement which relates to Educational Resources (the Welsh-language Teaching and Learning Resources Scheme) and Youth Arts (see note 25 to the accounts), and one debt remains outstanding.

HEALTH AND SAFETY

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

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

A Health and Safety Committee meets quarterly, comprising the Chief Executive, Director of Operations, Facilities Manager, Head of Human Resources, a Facilities representative and two Health and Safety representatives from UNISON. Following annual Health and Safety risk assessments, a Health and Safety Plan is produced through which the progressive improvements are implemented. The Health and Safety Committee reports to the Board. The work of the Health and Safety Committee is complemented by two Environmental Health and Safety Groups that meet regularly to address issues relating to the Trefforest and Western Avenue sites, respectively.

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

EMPLOYEE INVOLVEMENT AND EQUAL OPPORTUNITIES

Consultation with employees or their representatives has continued with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Senior management and the recognised trade union discuss matters of policy through regular formal and informal meetings. The Remuneration Committee has an established remit, and engages with UNISON on remuneration matters and annual pay awards, which have been specific to WJEC CBAC Limited and locally negotiated since 2010.

Communications with employees continue through staff bulletins and briefing groups; internal communication processes include regular Chief Executive Briefings for staff and internal news bulletins. Procedures are currently in place to ensure that employees are aware of the financial performance of their business units and of the Charity as a whole.

An annual Staff Survey is undertaken in order to measure staff engagement levels which can help to identify where to take action to improve engagement and enhance performance.

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

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

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

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

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

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

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

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

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

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

WJEC CBAC Limited's Performance Management Review process provides individuals with the opportunity to improve personal and organisational effectiveness. The day-to-day management of individual and team performance should run alongside a formal framework, under which performance is assessed and improved. Formal performance reviews take place annually and are linked to training and development needs. Collectively, WJEC CBAC Limited is committed to providing mechanisms to ensure that the workforce performs at high levels which will help the organisation survive and prosper in a competitive marketplace.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the trustees are aware:

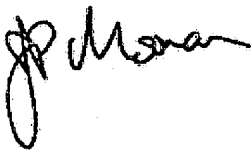
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITOR

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

The Report of Directors and Trustees, including the Strategic Report, was approved by order of the Board on 25 September 2020.



Ms J P Moonan

Chair of the Board of Directors

WJEC CBAC LIMITED INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF WJEC CBAC LIMITED
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Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 September 2019 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the group statement of financial activities which includes the statement of historical cost surpluses and deficits;
- the group statement of comprehensive income;
- the group and parent charitable company balance sheets;
- the group cash flow statement; and
- the related notes 1 to 28.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

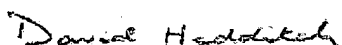
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



David Hedditch (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cardiff, United Kingdom

WJEC CBAC LIMITED
GROUP STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2019
(including consolidated income and expenditure account)

	Notes	Unrestricted funds	Restricted funds	Total funds Year ended 30 Sept 2019	Total funds Year ended 30 Sept 2018
		£'000	£'000	£'000	£'000
INCOME FROM:					
Donations and legacies	3	1	-	1	-
Charitable activities	4	45,991	1,510	47,501	44,977
Other trading activities	5	26	-	26	24
Investments	6	133	-	133	100
Other income	7	3	2	5	13
TOTAL INCOME		46,154	1,512	47,666	45,114
EXPENDITURE ON:					
Raising funds	8	32	-	32	29
Charitable activities	8	44,720	1,672	46,392	44,208
TOTAL EXPENDITURE	8	44,752	1,672	46,424	44,237
Net income before investment gains		1,402	(160)	1,242	877
Net gains on investments	15	334	-	334	218
Net income before tax		1,736	(160)	1,576	1,095
Taxation	12	(21)	-	(21)	9
Net income for the year	10	1,715	(160)	1,555	1,104

GROUP STATEMENT OF COMPREHENSIVE INCOME

Net income for the year		1,715	(160)	1,555	1,104
Actuarial (losses) / gains on defined benefit schemes	23	(12,310)	-	(12,310)	6,670
NET MOVEMENT IN FUNDS		(10,595)	(160)	(10,755)	7,774

RECONCILIATION OF FUNDS:

Total funds brought forward		46,076	1,156	47,232	39,458
Net movement in funds for the year		(10,595)	(160)	(10,755)	7,774
Total funds carried forward		35,481	996	36,477	47,232

HISTORICAL COST SURPLUSES AND DEFICITS

	Year ended 30 Sept 2019	Year ended 30 Sept 2018
	£'000	£'000
Net income for the year	1,555	1,104
Difference between the historical cost depreciation and the actual depreciation charge of the period calculated on the revalued amount	7	7
HISTORICAL COST NET INCOME FOR THE YEAR	1,562	1,111

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

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

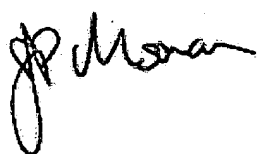
See note 20 for comparative Consolidated Statement of Financial Activities analysed by funds.

WJEC CBAC LIMITED (Company Registration Number 3150875)
BALANCE SHEETS AS AT 30 SEPTEMBER 2019

		Group		Charity	
	Note	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
FIXED ASSETS					
Intangible assets	13	1,988	2,255	1,988	2,233
Tangible assets	14	16,406	16,666	16,295	16,524
Investments	15	13,105	7,771	13,105	7,771
		<u>31,499</u>	<u>26,692</u>	<u>31,388</u>	<u>26,528</u>
CURRENT ASSETS					
Stocks	16	544	488	259	266
Debtors	17	6,511	5,350	6,658	5,312
Cash at bank and in hand		18,532	24,392	18,522	24,382
		<u>25,587</u>	<u>30,230</u>	<u>25,439</u>	<u>29,960</u>
Creditors: amounts falling due within one year	18	(4,269)	(6,582)	(4,213)	(6,749)
NET CURRENT ASSETS		<u>21,318</u>	<u>23,648</u>	<u>21,226</u>	<u>23,211</u>
Provision for liabilities	19	(10)	(18)	-	-
Defined benefit pension scheme liability	23	(16,330)	(3,090)	(16,330)	(3,090)
NET ASSETS		<u>36,477</u>	<u>47,232</u>	<u>36,284</u>	<u>46,649</u>
FUNDS					
Restricted funds	21	996	1,156	996	1,156
Unrestricted funds:					
Charitable funds	21	49,926	46,884	49,926	46,884
Non-charitable trading fund	21	193	583	-	-
Revaluation reserve	21	1,692	1,699	1,692	1,699
Unrestricted funds excluding pension liability		51,811	49,166	51,618	48,583
Pension reserve	21	(16,330)	(3,090)	(16,330)	(3,090)
Total unrestricted funds		<u>35,481</u>	<u>46,076</u>	<u>35,288</u>	<u>45,493</u>
TOTAL FUNDS		<u>36,477</u>	<u>47,232</u>	<u>36,284</u>	<u>46,649</u>

The net income for the year of the parent charity for Companies Act purposes is £1.945m (2018: surplus £1.244m) and the net movement in funds after actuarial adjustments is £(10.365)m (2018: £7.914m).

The financial statements of WJEC CBAC Limited, registered number 3150875, were approved by the Board of Trustees and authorised for issue on 25 September 2020. They were signed on its behalf by:



Ms J P Moonan
Chair of Trustees

WJEC CBAC LIMITED GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	Unrestricted funds £'000	Restricted funds £'000	Total funds Year ended 30 Sept 2019 £'000	Total funds Year ended 30 Sept 2018 £'000
Net cash flows from operating activities	28	(205)	(114)	(319)	491
Cash flows from investing activities:					
Purchases of tangible assets		(366)	-	(366)	(211)
Purchases of intangible assets		(308)	-	(308)	(325)
Purchases of investments		(5,000)	-	(5,000)	-
Interest received		133	-	133	100
Net cash flows from investing activities		(5,541)	-	(5,541)	(436)
Net cash flows from financing activities		-	-	-	-
Net (decrease) / increase in cash and cash equivalents		(5,746)	(114)	(5,860)	55
Cash and cash equivalents at 1 October		23,149	1,243	24,392	24,337
Cash and cash equivalents at 30 September		17,403	1,129	18,532	24,392

1 ACCOUNTING POLICIES

Company and charitable status

WJEC CBAC Limited, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently 11 Trustees. WJEC CBAC Limited is governed by its memorandum and articles, the guarantors are the 22 local authorities in Wales and the guarantee of each member is limited to £1. The Charity is a registered charity. The registered office is given on page 1.

Basis of accounting

The financial statements are prepared under the historical cost convention, subject to the treatment of tangible assets on transition to FRS 102 as detailed below, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015, and the Companies Act 2006.

The principal accounting policies are set out below.

Going concern

The organisation's activities and future plans are set out in the Report of Directors and Trustees. The Trustees have assessed the charity's ability to continue as a going concern, taking into account the financial impacts of both the Trefforest flooding and, more significantly, Covid-19. The Trustees have considered several factors in forming their conclusions as to whether the use of the going concern basis is appropriate in preparing these financial statements, including cash resources, liquidity and demand for services.

Whilst income from charitable activities in the year ended 30 September 2020 is expected to be lower than originally budgeted as a direct result of Covid-19, the reduction in income is largely expected to be offset by reduced expenditure. In addition, the organisation has considerable financial resources together with certain agreed government funding.

As a consequence, the Trustees believe that the organisation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Basis of consolidation

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

In accordance with Section 403(3) of the Companies Act 2006 the Charity has adapted the Companies Act formats to prepare its consolidated accounts. No separate 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 18.

Income

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

Donations and legacies are credited as income in the year in which they are receivable.

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

Other Examination Income represents fees receivable for the provision of examination, testing and contract services, and is credited as income in the year in which it is receivable.

Other Educational Resources and Arts Income is credited as income in the year in which it is receivable.

1 ACCOUNTING POLICIES - Continued

Income - continued

Income from Other Trading Activities and Other Income is credited as income in the year in which it is receivable.

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

Expenditure

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

Expenditure on raising funds includes the costs incurred in the operation and management of the Charity's staff restaurant and investment advice received.

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

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

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

Fund accounting

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

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

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

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

Taxation

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

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

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

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

1 ACCOUNTING POLICIES - Continued

Intangible assets and amortisation

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

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

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

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

Tangible assets and depreciation

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

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

Furniture and equipment	3 - 7 years
Freehold buildings	50 years

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

Investments

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

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

Stocks and work in progress.

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

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

Operating leases

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

1 ACCOUNTING POLICIES - Continued

Financial Instruments

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

The only financial instruments measured at fair value, based on the market rate, are investments (£13.105m at 30 September 2019). Intangible assets are measured at amortised cost (£1.988m at 30 September 2019).

Pension costs

The Charity operates defined benefit pension schemes for the benefit of its employees. The Charity makes contributions to the Rhondda Cynon Taff Local Government Pension Scheme (LGPS) and The Teachers' Pension Agency (TPA). Both are defined benefit schemes, but the TPA scheme is accounted for as a defined contribution scheme (see note 23).

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

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

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The post balance sheet non-adjusting events arising from the financial consequences of the Covid-19 pandemic and the Trefforest flooding have been considered and are set out in Note 26. Future cashflow forecasts have been prepared and the Board of Trustees considers that there are sufficient cash resources for at least the next twelve months from the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure, except for the following:

Pension costs – the cost of defined benefit pension plans is determined using actuarial valuations, which are dependent on assumptions in respect of discount rates, future salary increases, future pension increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumptions used in establishing the amounts recognised in these financial statements are outlined in note 23. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 30 September 2019 is set out on the following page.

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

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

Assumption	Sensitivity	Increase / (decrease) in liability £m
Discount rate	+ 0.1%	(1.770)
Discount rate	- 0.1%	1.810
Future salary increases	+ 0.1%	0.470
Future salary increases	- 0.1%	(0.460)
Future pension increases	+ 0.1%	1.340
Future pension increases	- 0.1%	(1.320)
Mortality age	+ 1 year	(3.220)
Mortality age	- 1 year	3.270

The post balance sheet non-adjusting events arising from the financial consequences of the Covid-19 pandemic and the Trefforest flooding have been considered and are set out in Note 26. Future cashflow forecasts have been prepared and the Board of Trustees considers that there are sufficient cash resources for at least the next twelve months from the date of signature of the financial statements to manage any foreseeable downturn in the UK and global economy.

3 ANALYSIS OF INCOME FROM DONATIONS AND LEGACIES

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Donations	<u>1</u>	<u>-</u>

4 ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Performance-related grants and other funding	1,568	1,890
Other Examinations income	45,900	43,021
Other Educational Resources and Arts income	33	66
	<u>47,501</u>	<u>44,977</u>

5 ANALYSIS OF INCOME FROM OTHER TRADING ACTIVITIES

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Staff restaurant	19	17
Sponsorships	4	3
Room hire	3	4
	<u>26</u>	<u>24</u>

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

6 ANALYSIS OF INCOME FROM INVESTMENTS

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Bank interest	133	100

7 ANALYSIS OF OTHER INCOME

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Paper waste	3	11
Royalties	2	2
	5	13

8 ANALYSIS OF EXPENDITURE

	Activities undertaken directly £'000	Support costs £'000	Total Year ended 30 Sept 2019 £'000	Total Year ended 30 Sept 2018 £'000
Raising funds	26	6	32	29
Charitable activities – Examinations	36,940	8,326	45,266	42,174
Charitable activities – Educational Resources and Arts	961	165	1,126	2,034
Total expenditure	37,927	8,497	46,424	44,237

9 ANALYSIS OF SUPPORT COSTS

	Raising Funds £'000	Examinations £'000	Educational Resources & Arts £'000	Total £'000
Year ended 30 September 2019				
Governance	-	407	13	420
Finance	1	996	16	1,013
Information Technology	1	4,178	54	4,233
Marketing	-	662	4	666
Accommodation and Facilities	3	1,446	57	1,506
Human Resources	-	467	14	481
Corporate costs	1	170	7	178
Total Expenditure	6	8,326	165	8,497

9 ANALYSIS OF SUPPORT COSTS - continued

	Raising Funds	Examinations	Educational Resources & Arts	Total
Year ended 30 September 2018	£'000	£'000	£'000	£'000
Governance	-	300	11	311
Finance	1	1,006	25	1,032
Information Technology	1	3,500	58	3,559
Marketing	-	801	5	806
Accommodation and Facilities	3	1,368	60	1,431
Human Resources	-	398	15	413
Corporate costs	-	332	15	347
Total Expenditure	5	7,705	189	7,899

Basis of Allocation

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

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

10 NET INCOME FOR THE YEAR

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Net income is stated after charging:		
Auditor's remuneration:		
Fees payable to the Charity's auditor for the audit of the Charity's annual financial statements	22	21
Fees payable to the Charity's auditor for other services to the group:		
- Audit-related assurance services	3	3
- Tax compliance services	4	4
- Tax advisory services	9	20
- Other services	9	-
- Fees payable for the audit of the Charity's subsidiary	8	7
Other professional fees	90	82
Government grants	(1,454)	(1,432)
Depreciation of owned tangible fixed assets	624	592
Amortisation of owned intangible fixed assets	517	386
Loss on disposal of fixed assets	60	-
Cost of stock recognised as an expense	1,601	1,818
Operating lease charges	228	225

Details of government grant income are outlined in note 21, representing part or all of the income in respect of the Publications Programme, Welsh Medium Assessment, Welsh for Adults, A and AS Level Electronics Resources, the Design & Technology Innovations Exhibition and Awards Showcase, and Health and Social Care, and Childcare CPD events and translation costs.

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

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

The average monthly number of employees was:

Group and Charity	Year ended 30 Sept 2019 Number	Year ended 30 Sept 2018 Number
Raising funds	3	3
Examinations	288	290
Educational Resources and Arts	10	12
Support	95	93
Governance	3	2
	399	400

Their aggregate remuneration comprised:

Group and Charity	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Wages and salaries	12,858	12,444
Social security costs	1,289	1,259
Other pension costs	4,618	3,035
	18,765	16,738

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

Salary band	Year ended 30 Sept 2019 Number	Year ended 30 Sept 2018 Number
£60,001 - £70,000	17	16
£70,001 - £80,000	8	3
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-

The key management personnel of the Group and parent Charity, also known as the ELT, are listed on page 1. The total remuneration (including pension contributions) of the key management personnel of the Group and Charity for the year totalled £798k (2018: £736k).

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

Trustees' Remuneration

No Trustees received remuneration during the current or prior year. Total travel and subsistence expenses of £8k (2018: £7k) were paid to 13 Trustees (2018: 12 Trustees).

12 TAX ON LOSS OF TRADING SUBSIDIARY

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
The charge / (credit) for taxation is made up as follows:		
Current tax		
UK Corporation Tax on profits for the year	29	-
Total current tax	29	-
Deferred tax		
Origination and reversal of timing differences	(8)	(9)
Total deferred tax	(8)	(9)
Total tax on loss	21	(9)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19% (2018: 19%). The actual tax charge for the year differs from the standard rate for the following reasons:

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Loss before taxation	(369)	(149)
Tax on loss at the standard rate	(70)	(28)
Effects of tax relief for Gift Aid	91	19
Total tax charge / (credit) for the year	21	(9)

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. At the March 2020 budget, the government proposed a revision to amend the Corporation Tax main rate to 19% for the years starting 1 April 2020 and 2021.

£4k of the £10k deferred tax liability at 30 September 2019 is expected to reverse in the next 12 months (2018: £8k of £18k). This is based on the expected difference between the projected depreciation / amortisation charge and capital allowances to be claimed in respect of assets held at 30 September 2019.

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

13 INTANGIBLE ASSETS

Group	Computer Software £'000	Software under Development £'000	Total £'000
Cost			
At 1 October 2018	3,292	683	3,975
Additions	149	159	308
Disposals	(58)	-	(58)
Transfers	163	(163)	-
At 30 September 2019	3,546	679	4,225
Accumulated amortisation			
At 1 October 2018	1,720	-	1,720
Charge for the year	517	-	517
At 30 September 2019	2,237	-	2,237
Net book amount			
At 30 September 2019	1,309	679	1,988
At 30 September 2018	1,572	683	2,255
Charity			
	Computer Software £'000	Software under Development £'000	Total £'000
Cost			
At 1 October 2018	3,167	683	3,850
Additions	149	159	308
Disposals	(58)	-	(58)
Transfers	163	(163)	-
At 30 September 2019	3,421	679	4,100
Accumulated amortisation			
At 1 October 2018	1,617	-	1,617
Charge for the year	495	-	495
At 30 September 2019	2,112	-	2,112
Net book amount			
At 30 September 2019	1,309	679	1,988
At 30 September 2018	1,550	683	2,233

WJEC CBAC LIMITED NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

14 TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £'000	Furniture and Equipment £'000	Total £'000
Cost / valuation			
At 1 October 2018	21,413	3,000	24,413
Additions	-	366	366
Disposals	-	(70)	(70)
At 30 September 2019	21,413	3,296	24,709
Represented by:			
- Valuation at 1 April 1996	2,131	2	2,133
- Cost	19,282	3,294	22,576
Accumulated depreciation			
At 1 October 2018	5,339	2,408	7,747
Charge for the year	364	260	624
Disposals	-	(68)	(68)
At 30 September 2019	5,703	2,600	8,303
Net book amount			
At 30 September 2019	15,710	696	16,406
At 30 September 2018	16,074	592	16,666

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 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Cost	19,282	19,282	3,294	2,998
Aggregated depreciation	(5,264)	(4,907)	(2,598)	(2,406)
Net book amount	14,018	14,375	696	592

WJEC CBAC LIMITED NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

14 TANGIBLE FIXED ASSETS - Continued

Charity	Freehold Land and Buildings £'000	Furniture and Equipment £'000	Total £'000
Cost / valuation			
At 1 October 2018	21,413	2,111	23,524
Additions	-	362	362
Disposals	-	(70)	(70)
At 30 September 2019	21,413	2,403	23,816
Represented by:			
- Valuation at 1 April 1996	2,131	2	2,133
- Cost	19,282	2,401	21,683
Accumulated depreciation			
At 1 October 2018	5,339	1,661	7,000
Charge for the year	364	225	589
Disposals	-	(68)	(68)
At 30 September 2019	5,703	1,818	7,521
Net book amount			
At 30 September 2019	15,710	585	16,295
At 30 September 2018	16,074	450	16,524

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 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Cost	19,282	19,282	2,401	2,109
Aggregated depreciation	(5,264)	(4,907)	(1,816)	(1,659)
Net book amount	14,018	14,375	585	450

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

Bases of valuations

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

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

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

15 INVESTMENTS

	Group		Charity	
	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Investment funds	13,105	7,771	13,105	7,771
Subsidiary undertakings	-	-	-	-
	<u>13,105</u>	<u>7,771</u>	<u>13,105</u>	<u>7,771</u>

Investment funds – Group & Charity

	Group		Charity	
	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Market value at 1 October	7,771	7,553	7,771	7,553
Additions	5,000	-	5,000	-
Net unrealised investment gains	334	218	334	218
Market value at 30 September	<u>13,105</u>	<u>7,771</u>	<u>13,105</u>	<u>7,771</u>
 Cost at 30 September	 <u>12,000</u>	 <u>7,000</u>	 <u>12,000</u>	 <u>7,000</u>
 Market value analysed between:				
Investments	13,105	7,771	13,105	7,771
Cash held by investment managers	-	-	-	-
	<u>13,105</u>	<u>7,771</u>	<u>13,105</u>	<u>7,771</u>

Subsidiary undertakings - Charity

	£
At 1 October 2018 and 30 September 2019	<u>1</u>

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

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

WJEC CBAC LIMITED NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

15 INVESTMENTS - Continued

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Turnover	2,672	2,960
Cost of sales	(1,755)	(1,878)
Gross profit	917	1,082
Administrative expenses	(791)	(633)
Operating profit	126	449
Interest payable	(14)	(16)
Charitable donation	(481)	(582)
Loss on ordinary activities before taxation	(369)	(149)
Tax on loss	(21)	9
Loss for the year	(390)	(140)

The aggregate of the assets and liabilities was:

	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Fixed assets	111	164
Current assets	359	513
Current liabilities	(268)	(77)
Provision for liabilities	(9)	(17)
Net assets	193	583

WJEC CBAC Limited is one of 33 full members of ALTE, a Charitable Incorporate Organisation (CIO), based in England, registered charity number 1184799. Its aim is to promote transitional recognition of the certification of the languages of the European Community through the establishment of a common system of levels of proficiency throughout the European Community and the adoption of agreed standards of professional practices in language testing throughout the European Community. ALTE transitioned from its previous legal status, an EEIG (European Economic Interest Grouping), to a CIO in 2019.

16 STOCKS

	Group		Charity	
	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Stocks of finished goods and materials	296	319	259	266
Work in progress	248	169	-	-
	544	488	259	266

WJEC CBAC LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

17 DEBTORS

	Group		Charity	
	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Trade debtors	1,706	1,314	1,706	1,311
Prepayments and accrued income	4,779	4,030	4,753	3,995
Amounts owed by subsidiary undertaking	-	-	193	-
VAT recoverable	20	-	-	-
Other debtors	6	6	6	6
	<u>6,511</u>	<u>5,350</u>	<u>6,658</u>	<u>5,312</u>

18 CREDITORS

	Group		Charity	
	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Amounts falling due within one year				
Trade creditors	354	1,221	345	1,176
Amounts owed to subsidiary undertaking	-	-	-	218
Accruals and deferred income	3,495	4,959	3,458	4,927
Taxation and social security	402	384	392	410
Other creditors	18	18	18	18
	<u>4,269</u>	<u>6,582</u>	<u>4,213</u>	<u>6,749</u>
Deferred income				
Brought forward	2,398		2,398	
Released in the year	(2,031)		(2,031)	
Deferred in the year	489		489	
Carried forward	<u>856</u>		<u>856</u>	

19 PROVISION FOR LIABILITIES

	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Deferred tax		
Group		
At 1 October	18	27
Credit for the year	(8)	(9)
At 30 September	<u>10</u>	<u>18</u>

Deferred taxation provided in the financial statements is as follows:

	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Amount provided		
Capital allowances in excess of depreciation	<u>10</u>	<u>18</u>

20 COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted funds	Total funds Year ended 30 Sept 2018
	£'000	£'000	£'000
INCOME FROM:			
Donations and legacies	-	-	-
Charitable activities	43,175	1,802	44,977
Other trading activities	21	3	24
Investments	100	-	100
Other income	11	2	13
TOTAL INCOME	43,307	1,807	45,114
EXPENDITURE ON:			
Raising funds	29	-	29
Charitable activities	41,522	2,686	44,208
TOTAL EXPENDITURE	41,551	2,686	44,237
Net income before investment gains	1,756	(879)	877
Net gains on investments	218	-	218
Net income before tax	1,974	(879)	1,095
Taxation	9	-	9
Net income for the year	1,983	(879)	1,104
GROUP STATEMENT OF COMPREHENSIVE INCOME			
Net income for the year	1,983	(879)	1,104
Actuarial gains on defined benefit schemes	6,670	-	6,670
NET MOVEMENT IN FUNDS	8,653	(879)	7,774
RECONCILIATION OF FUNDS:			
Total funds brought forward	37,423	2,035	39,458
Net movement in funds for the year	8,653	(879)	7,774
Total funds carried forward	46,076	1,156	47,232

WJEC CBAC LIMITED NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 - Continued

21 MOVEMENT ON FUNDS

Group	Non-charitable Trading Fund £'000	Revaluation Reserve £'000	Charitable Funds £'000	Restricted Fund £'000	Pension Reserve £'000	Total £'000
At 1 October 2018	583	1,699	46,884	1,156	(3,090)	47,232
Surplus for the year	(390)	-	3,035	(160)	(930)	1,555
Actuarial loss	-	-	-	-	(12,310)	(12,310)
Transfer	-	(7)	7	-	-	-
At 30 September 2019	193	1,692	49,926	996	(16,330)	36,477

Charity	Revaluation Reserve £'000	Charitable Funds £'000	Restricted Fund £'000	Pension Reserve £'000	Total £'000
At 1 October 2018	1,699	46,884	1,156	(3,090)	46,649
Surplus for the year	-	3,035	(160)	(930)	1,945
Actuarial loss	-	-	-	(12,310)	(12,310)
Transfer	(7)	7	-	-	-
At 30 September 2019	1,692	49,926	996	(16,330)	36,284

Restricted Funds

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

- Welsh Language & Resource – Ancillary Income – income utilised to further support the services provided through the historical Service Level Agreement with the 22 local authorities in Wales.
- Publications Programme – Welsh Government funded publication of Welsh language and bilingual versions of classroom materials.
- NYOW prize fund – cash held from the redemption of 3½% War Bonds. The annual income from the War Bonds funded a prize for the National Youth Orchestra of Wales (NYOW).
- Neil and Mary Ellen Webber Bursaries Fund – a fund to support participation in instrumental music ensembles and programmes of Wales (performing or composing) by young people in Wales.
- Welsh Medium Assessment – funding to support the provision of assessment through the medium of Welsh.
- Welsh for Adults – funding received for the delivery of examinations and resources designed specifically for adult learners.
- Design & Technology Innovation Exhibition and Awards Showcase – a Welsh Government grant to support a four-day exhibition of the most innovative work produced by GCSE, AS and A Level Design & Technology students.
- Funding to support the production of resources for WJEC AS and A Level Electronics
- Funding to support the translation of specifications, sample assessments and the first set of assessment materials for the new suite of Health and Social Care, and Childcare qualifications in Wales.
- Funding to support CPD events to introduce the new suite of Health and Social Care, and Childcare qualifications in Wales.

21 MOVEMENT ON FUNDS - Continued

	Balance at 30 Sept 2018 £'000	Movement in Funds		Balance at 30 Sept 2019 £'000
		Income £'000	Expenditure £'000	
Welsh Language & Resource – Ancillary Income	149	2	148	3
Publications Programme	-	710	710	-
NYOW Prize Fund	3	-	-	3
Neil and Mary Ellen Webber Bursaries Fund	486	-	16	470
Welsh Medium Assessment	-	369	369	-
Welsh for Adults	518	244	242	520
Design & Technology Innovation Exhibition and Awards Showcase	-	44	44	-
AS and A Level Electronics resources	-	12	12	-
Health and Social Care, and Childcare – Translation	-	112	112	-
Health and Social Care, and Childcare – CPD events	-	19	19	-
	1,156	1,512	1,672	996

22 ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

Group	Unrestricted Funds £'000	Restricted Funds £'000	Pension Reserve £'000	Total £'000
Fixed assets	31,499	-	-	31,499
Current assets	23,610	1,977	-	25,587
Current liabilities	(3,288)	(981)	-	(4,269)
Provisions	(10)	-	-	(10)
Defined benefit pension scheme liability	-	-	(16,330)	(16,330)
At 30 September 2019	51,811	996	(16,330)	36,477
At 30 September 2018	49,166	1,156	(3,090)	47,232

Charity	Unrestricted Funds £'000	Restricted Funds £'000	Pension Reserve £'000	Total £'000
Fixed assets	31,388	-	-	31,388
Current assets	23,462	1,977	-	25,439
Current liabilities	(3,232)	(981)	-	(4,213)
Defined benefit pension scheme liability	-	-	(16,330)	(16,330)
At 30 September 2019	51,618	996	(16,330)	36,284
At 30 September 2018	48,583	1,156	(3,090)	46,649

23 EMPLOYEE RETIREMENT BENEFITS

Defined benefit schemes

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

Local Government Pension Scheme

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

The most recent valuation, as at 31 March 2016, has been updated by Chris Darby, Fellow of the Institute of Actuaries, to take account of the requirements of FRS 102 in order to assess the liabilities of the fund as at 30 September 2019. 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 2016 valuation are as follows:

	WJEC CBAC Limited
April 2017 to March 2018	24.5% of pensionable salary
April 2018 to March 2019	25.4% of pensionable salary
April 2019 to March 2020	26.4% of pensionable salary

These figures include the past service element of contribution rate.

In addition to the above contribution rates the Charity is to make an annual Capital Contribution to the scheme which is intended to eliminate the scheme deficit over 25 years. This contribution is currently set at £832,200 per annum.

	Valuation as at	
	30 Sept 2019	30 Sept 2018
Key assumptions used:		
Discount rate	1.80%	2.90%
Expected rate of salary increases	3.45%	3.45%
Future pension increases	2.20%	2.20%
RPI inflation	3.10%	3.30%
CPI inflation	2.20%	2.20%

Mortality assumptions

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

	Valuation as at	
	30 Sept 2019 years	30 Sept 2018 years
Retiring today:		
Males	21.9	22.9
Females	23.8	25.0
Retiring in 20 years:		
Males	23.6	25.1
Females	25.7	27.3

23 EMPLOYEE RETIREMENT BENEFITS - Continued

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

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Current service cost	2,700	2,600
Net interest cost	-	180
Past service cost	1,480	-
Total cost relating to defined benefit scheme recognised in the statement of financial activities	<u>4,180</u>	<u>2,780</u>

The £1.480m past service cost recognised in the year ended 30 September 2019 is primarily due to the inclusion of a constructive obligation in respect of the following two matters:

- **McCloud Judgement**

In December 2018 the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019, the Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements, which includes the LGPS. The actuary has therefore calculated a constructive obligation at 30 September 2019, in relation to a potential remedy, based on a valuation of WJEC CBAC Limited's liabilities.

- **Guaranteed Minimum Pension (GMP) Indexation and Equalisation**

Following changes to the State Pension in April 2016, there was a risk that members of the LGPS who were 'contracted out' of the State Pension between 6 April 1978 and 6 April 1997, and who would reach their State Pension Age (SPA) after April 2016, would be worse off. This is because State Pension reforms removed the facility for the State to pay 'top up' payments to ensure their total pension was fully inflation protected. The LGPS was only required to pay limited increases on some elements of GMP (a portion of pension accrued in the LGPS when members were contracted out of the State Scheme). In March 2016 Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 April 2016 and 5 December 2018. This has previously been accounted for. In January 2018 Government committed the LGPS to pay full pension increases on GMPs to individuals reaching SPA between 6 December 2018 and 5 April 2021. This has not been recognised in the accounts to date. Further, the Government has indicated that it is committed to continuing to compensate all members of public sector pension schemes reaching SPA after 5 April 2021. The Government's view is that this solution also meets sex equalisation requirements. The actuary has therefore calculated a constructive obligation at 30 September 2019, based on a valuation of WJEC CBAC Limited's liabilities, for the Government's commitment to pay pension increases on GMPs for members reaching SPA after 5 December 2018, which includes a liability for Government's commitment to compensate all members in the future from changes to the State Pension.

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

Actuarial (losses) / gains	<u>(12,310)</u>	<u>6,670</u>
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23 EMPLOYEE RETIREMENT BENEFITS – Continued

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

	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Present value of defined benefit obligations	(92,740)	(73,330)
Fair value of scheme assets	77,920	71,770
Net liability recognised in the balance sheet in respect of funded scheme	(14,820)	(1,560)
Present value of unfunded pension obligations	(1,510)	(1,530)
Total net liability recognised in the balance sheet	(16,330)	(3,090)

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

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
At 1 October	73,330	70,990
Current service cost	2,700	2,600
Net interest cost	2,110	1,900
Actuarial losses / (gains)	14,210	(1,120)
Contributions from scheme participants	660	610
Benefits paid	(1,750)	(1,650)
Past service cost	1,480	-
At 30 September	92,740	73,330

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

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
At 1 October	71,770	62,610
Actuarial gains	1,950	5,560
Actual return on plan assets (excluding amounts included in net interest cost)	2,110	1,720
Contributions from the employer	3,180	2,920
Contributions from scheme participants	660	610
Benefits paid	(1,750)	(1,650)
At 30 September	77,920	71,770

23 EMPLOYEE RETIREMENT BENEFITS – Continued

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

	As at 30 Sept 2019	As at 30 Sept 2018
Equity instruments	67.3%	73.1%
Debt instruments	24.5%	19.4%
Property	7.5%	5.3%
Cash	0.7%	2.2%
	<u>100.0%</u>	<u>100.0%</u>

Teachers' Pension Scheme

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

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

	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Employer's contribution	458	434
Employees' contribution	<u>285</u>	<u>282</u>
Agreed future employer contribution rate	23.68%	16.48%
Agreed future employee contribution rate	7.4 – 11.7%	7.4 – 11.7%

24 FINANCIAL COMMITMENTS

Operating Lease Commitments

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

Group	As at 30 Sept 2019 £'000	As at 30 Sept 2018 £'000
Plant and equipment		
- within 1 year	189	206
- between 1 and 5 years	55	202
	<u>244</u>	<u>408</u>
Charity		
Plant and equipment		
- within 1 year	22	9
- between 1 and 5 years	31	12
	<u>53</u>	<u>21</u>

24 FINANCIAL COMMITMENTS – Continued

Capital Commitments

The Charity has capital commitments as at 30 September 2019 of £nil (30 September 2018: £nil).

25 RELATED PARTIES

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

No Trustee received payment for professional or other services supplied to the Charity during the year (2018: £nil).

Some of the directors are nominated by the 22 local authorities in Wales. Until March 2018, these authorities were charged directly for services in respect of educational resources and Youth Arts activities. At 30 September 2019 the amounts owed to WJEC CBAC Limited from the local authorities was £20k (2018: £20k) and this remains outstanding at the date of signing these accounts.

At 30 September 2019 the amounts owing to Rhondda Cynon Taff County Borough Council Local Government Pension Scheme and the Teachers' Pension Scheme were £328k (2018: £293k) and £77k (2018: £59k) respectively. These relate to the amounts payable for the September payroll.

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

26 NON-ADJUSTING POST BALANCE SHEET EVENTS

Whilst the flooding at Trefforest may have impacted on the fair value of the building, the directors believe that the carrying value of the building remains appropriate based on its value in use.

As a result of the flood in Trefforest, leased copiers along with some owned furniture, fixtures and fittings and certain computer equipment were required to be replaced.

There has been no significant impact on the group's assets and liabilities as a result of the Covid-19 pandemic being declared in March 2020.

27 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.

28 CASH FLOW STATEMENT

Reconciliation of net income to cash generated by operations:

Group	Year ended 30 Sept 2019 £'000	Year ended 30 Sept 2018 £'000
Net income before tax for the year	1,576	1,095
Adjustments for:		
Interest receivable	(133)	(100)
Amortisation charges	517	386
Depreciation charges	624	592
Loss on sale of tangible fixed assets	60	-
Increase in value of investments	(334)	(218)
Operating cash flow before movement in working capital	2,310	1,755
Increase in debtors	(1,161)	(1,824)
<i>(Decrease) / increase in creditors</i>	(2,334)	657
Decrease in provisions	(8)	(9)
Difference between pension charge and cash contributions	930	(210)
<i>(Increase) / decrease in stock</i>	(56)	122
Cash (used in) / generated by operating activities	(319)	491