

**REGISTERED COMPANY NUMBER: 02151006 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1078435**

**REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 MARCH 2011**

**FOR  
INSTITUTE OF WELSH AFFAIRS**

Mitchell Meredith Limited  
34 High Street  
Brecon  
Powys  
LD3 7AN

**INSTITUTE OF WELSH AFFAIRS**  
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**FOR THE YEAR ENDED 31 MARCH 2011**

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**INSTITUTE OF WELSH AFFAIRS**  
**CHAIRMAN'S REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

As our Trustees' Report indicates, this has been a year of exceptional activity for the IWA. Since we made a conscious decision some four years ago, to give greater emphasis to our conference programme, this has grown steadily until it is now a major part of the our activity, in which we manage to cover a very wide range of subject areas, and bring expertise from within and outside Wales to bear on key issues. These events have also provided an important platform from which government ministers have been able to engage with civil society.

Amongst the most important in the last year was the second of our National Economy Conferences, in which we were able to set out some of the themes addressed by our Economy and Finance Group in its submission to the Welsh Government's review of economic development policy. We were pleased to have the support of PwC in arranging this conference, as a part of a wider partnership arrangement that will also see an expanded section on the Welsh economy in our journal, Agenda.

We also collaborated with the Cardiff Business Partnership in publishing a visionary report by Mark Barry on the potential for electrification of the rail system in south Wales. We believe this made a significant contribution to the wider lobbying that was successful in getting a commitment to at least part of this development from the UK government. We are also developing ideas on how these rail developments might be realised.

It is now widely accepted that raising educational performance should have the highest possible priority, and we made a valuable contribution to that debate through the work of Dr. Stevie Upton, our Research Officer, on the Key Stage 3 performance dip in too many of our schools. Although describing some of the negative aspects of the situation, the report also pointed to many positive elements of good practice in some of our best schools. Its emphasis was on ways of allowing best practice to travel further and faster.

Recognition of good practice was one of our motivations in establishing, in association with the Western Mail, the first IWA Inspire Wales Awards. This proved such a success, in terms of sponsorship and exemplary nominations, that we committed to a second year. That too is already attracting the same level of support.

A key role for the IWA is the dissemination of information. I believe that we are now achieving this, not only through our conferences but also through the excellence of our two websites and our journal, Agenda. Our news analysis site - [clickonwales.org](http://clickonwales.org) - is attracting increasing usage, and has been the platform for some powerful and expert contributions. Likewise Agenda, under John Osmond's guidance, has continued to develop in the terms of the breadth of its content and the polish of its design.

Our corporate website - [iwa.org.uk](http://iwa.org.uk) - is also achieving one of its key purposes in encouraging new membership. Last year we attracted 241 new members, the highest number for some years, with 50 per cent of them joining via the online site. This is encouraging, especially during a period of recession.

However, the task of servicing these sites daily has taken its toll on our research effort, given our limited staff resources. A consequent decline in research income has been the key factor in creating this year's deficit, the first for five years. Our prudent level of reserves gives us some comfort in this situation, but we are taking steps to address these issues, and also putting in place a strategic review of all our activity, so that we can chart a secure way ahead.

**INSTITUTE OF WELSH AFFAIRS**  
**CHAIRMAN'S REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2011**

We owe a profound thanks to those trusts and foundations that have supported us yet again this year - the Joseph Rowntree Charitable Trust, the Esmee Fairbairn Foundation and the Waterloo Foundation. We are particularly grateful to the Waterloo Foundation who have indicated their willingness to support us for a further three years.

There have been fewer board changes this year. Huw Roberts stood down from the board and from the Chair of the Cardiff and Valleys branch. His place was taken by Megan Mathias. I am very grateful to Huw for his contribution to the IWA, not only during this recent term of office, but also for his support of the Institute over very many years, including a previous period as a board member. I am also very glad that Megan Mathias is joining us. Her experience within the civil service and as a consultant will be of great value.

As usual my thanks go to all the board members, and to members of branch committees, who give so readily of their time and thoughtful advice. Above all, we must thank our small but tireless staff, led by John Osmond, for once again delivering such a prodigious level of activity that continues to make a consistently valuable contribution to public debate in Wales.

Geraint Talfan Davies  
Chairman

# INSTITUTE OF WELSH AFFAIRS

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2011. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

### REFERENCE AND ADMINISTRATIVE DETAILS

#### Registered Company number

02151006 (England and Wales)

#### Registered Charity number

1078435

#### Registered office

2nd Floor  
4 Cathedral Road  
Cardiff  
CF11 9LJ

#### Trustees

Eurfyl Ap Gwilym  
David Guy Clarke  
Rhys Alun David  
Geraint Talfan Davies – Chairman  
Peter Roger Davies  
Susan Linda Essex  
Nigel George Griffiths  
Gerald Hubert Holtham  
Robert Owen Humphreys  
Robert Hylton Jolliffe – resigned 16 December 2010  
Merfyn Jones  
Ruth Selina Marks  
Megan Mathias – appointed 16 December 2010  
Laura Jean McAllister  
Chris O'Malley  
Huw Roberts – resigned 16 December 2010  
Wendy Jane Sadler  
John Vivian Tucker  
Paul Harold Valerio  
Adrian Leonard Webb  
Ruth Williams

#### Company Secretary

Kirsty Anne Myfanwy Davies

#### Independent Examiner

Mitchell Meredith Limited  
34 High Street  
Brecon  
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LD3 7AN

**INSTITUTE OF WELSH AFFAIRS**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Bankers**

Bank of Scotland Plc  
One Kingsway  
CARDIFF  
CF10 3PW

**Chief Executive**

John Osmond

**Deputy Chief Executive**

Kirsty Davies

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The Institute of Welsh Affairs (IWA) was incorporated as a company on 22 July 1987. The present Articles of Association were adopted by Special Resolution passed on 21 January 1989. The Memorandum of Association was amended by Special Resolution on 20 June 1999 and the IWA was registered as a charity on 1 December 1999.

The Articles of Association were further amended by a special resolution on 6 December 2006, following a review of corporate governance. The changes were designed to bring our governance arrangements into line with best practice, to reflect the recent introduction of new categories of membership and to limit length of service to ensure regular refreshment of the Executive Board.

The charitable company is limited by guarantee and does not have a share capital. Each member of the charitable company undertakes to contribute such amount as may be required (not exceeding £1.00). The company is registered as a charity under the Charities Act 1960 and in the opinion of the directors is not liable to taxation.

**Recruitment and appointment of new trustees**

The work of the charity is supervised by a board of directors elected by the members of the charitable company at the Annual General Meeting. Board membership is regularly reviewed by a Nominations Committee that is charged with bringing forward recommendations to ensure that, taken together, the knowledge, skills and experience of the trustees fulfil the needs of the organisation.

**Induction and training of new trustees**

New trustees are inducted and trained by the continuing trustees of the charity and senior staff. All directors are also trustees of the charity.

**Organisational structure**

The board meets quarterly and a small finance and general purposes committee meets in the preceding month. The directors oversee all the activities of the IWA including the research programme.

**Related parties**

The IWA works closely with the universities in Wales and other public authorities. Where appropriate consultants are engaged to prepare reports.

The IWA has also forged partnerships with public policy research institutes in England, Scotland, Ireland and elsewhere in Europe.

None of the above organisations is deemed to be related parties

# INSTITUTE OF WELSH AFFAIRS

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Risk management

The directors, who are also trustees of the IWA, conducted a review of the major risks to which the charity is exposed in 2005. Although it is currently the view of the board that there have been no material alterations in risks since that date, the board has now instigated a full strategic review of the organisation to be completed in autumn 2011. A risk assessment will form part of this review. Currently, the greatest risks facing the IWA are:

- competition for research funding from other think tanks and academic departments.
- dependence on a relatively small group of potential major funding organisations.

It is proposed that, in order to mitigate such risks and to enable the IWA to flourish as a unique, independent, non-aligned organisation serving Wales, it should aim to strengthen its position by:

- keeping its research remit as broad as possible.
- maintaining flexibility and diversity in its activities.
- engaging in collaborative ventures with academic organisations and other bodies in Wales and beyond, thus broadening its funding opportunities.
- increasing its individual and corporate membership through active marketing.
- offering a wider range of networking opportunities to the business and professional community.
- exercising strict control of overhead costs.

#### Public Benefit

In preparing this report the Trustees have paid due regard to the Charity Commission's guidance on the reporting of public benefit. We intend that the totality of our activity should assist in the strengthening of civil society in Wales by improving the flow of quality information on public policy into the public domain and by bringing together interested parties in research groups, seminars and conferences to advance debate, thereby extending the policy community and its reach into the wider public. The way in which this has been achieved over the past year is detailed below.

### OBJECTIVES AND ACTIVITIES

#### Objectives and aims

The objects of the charity are to provide an independent platform for the development of strategies, plans and programmes for the greater economic, environmental, social and cultural well being of Wales and its people and their good governance. It is an independent public policy research institute.

The IWA acts as a bridge between public policy makers, business, academia and the wider community. It does this by:

- Commissioning research
- Organising seminars and conferences to foster and facilitate debate
- Publishing reports and policy papers with an emphasis on practical recommendation

The IWA has built a track record of effective influence on a range of policy issues. It attempts at all times to develop practical proposals for policy innovation and improvement.

It also has branches in North Wales, West Wales, Cardiff and Valleys, Swansea Bay and Gwent, IWA Women as well as an affiliated organisation in London (Wales in London).

**INSTITUTE OF WELSH AFFAIRS**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**ACHIEVEMENT AND PERFORMANCE**

The year under review has again been characterised by a very high level of activity, with no fewer than 34 conferences and other events, nine publications and three issues of our journal, Agenda, emerging from the Cathedral Road offices. The publications emanate in part from research activity, new ideas for which have also been taken forward across a range of sectors during the year. New and important partnerships, notably with accountants, PwC, have also been forged during the year, which, it is hoped, will strengthen the IWA's ability to continue to offer relevant and informed publications and events in the coming years as Wales confronts the on-going challenges of tighter finance and increased global competition.

New mechanisms for connecting the IWA with a wider audience, notably our new website - [clickonwales.org](http://clickonwales.org) - and the coffee shop debates at Chapter Arts Centre, on a variety of literary, cultural, environmental and other themes have also been developed. Clickonwales is now acknowledged as a significant source of high quality analysis of issues as they affect Wales. Branch activity has also continued to play an important part in the institute's overall offering to individuals and organisations across Wales. The IWA has also put itself centre stage in recognising the achievements of Welsh individuals and businesses through its inaugural Inspire Wales Awards, attended by nearly 400 people. Presented at a gala dinner in Cardiff's City Hall, and with the support of the Western Mail, the awards attracted a high level and standard of entries and promise to become an established part of the Welsh calendar.

**The Economy**

One of the highlights of the year was the second annual IWA national economy conference in association with PwC in March this year on the theme, Private Sector to the Rescue - An Opportunity for Welsh Economic Renewal. Around 100 delegates heard presentations from First Minister, Carwyn Jones, Gerald Holtham, an IWA Trustee and chair of the Commission on the funding of Welsh Government, and Jon House, the new chief executive of Cardiff. Rob Lewis, Chair of PwC Wales and West presented the findings of PwC's new Welsh Economic Barometer created for the event.

The previous month's conference in conjunction with Cardiff Business Partnership, End of the Line - Economic Regeneration and Rail Connectivity in southern Wales, was attended by around 90 delegates and launched a publication on this theme entitled A Metro for Wales's Capital City Region by consultant Mark Barry. A well-received event, it helped to bring to a successful conclusion a period of strong lobbying by south Wales interests for electrification of the main Great Western railway line to Wales.

Another important conference in October, held jointly with local government partners, Regenerating Wales: Towards Integrated Regeneration Policy and Practice, looked at best practice in this field and at ways of developing more integrated solutions. This conference marked a further step in the development of the IWA's conference organisation offer. As with the Inspire Wales Awards, the IWA has been able to take over and re-brand events previously organised by other organisations which no longer wish to be directly involved in conference administration. Plans were put in place during the year for another similar event - the Wales Business Awards, again in association with the Western Mail, which will take place in November 2011.

## INSTITUTE OF WELSH AFFAIRS

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011

In November in the year under review here the Welsh Government's chief economist, Jonathan Price, took an audience in Pontypridd through comparisons of the Welsh economy with other regional economies, pointing to some interesting and unexpected results in a talk entitled What do You Think You Know about the Welsh Economy? Also during the year the Roaring Dragons Awards Dinner in Carmarthen celebrated organisations in west Wales investing in young people; the Gwent branch heard about regeneration from First Minister Carwyn Jones at a dinner in Caerleon; the possibilities of growing food in or nearer the cities that consume it was discussed at a Cardiff event (and may lead to a separate research project); the role of the car in modern society and how it might be diminished was the topic at a Coffee Shop debate in Cardiff; again in Carmarthen the possibilities for developing a time credit scheme in south west Wales were considered; and the future of science policy was debated in Swansea with Professor John Harries, chief scientific adviser, Wales.

Independently of any conference, the IWA responded to the Welsh Government's request for comments on its business strategy with the publication of our views in Creating a Positive Business Environment for Wales. Much of the material in this stemmed from the Economy and Finance Group, an IWA sub-committee bringing together leading independent economic and business commentators in Wales. Its major message was that the private sector should play a far greater part in the delivery of economic development programmes in Wales.

Research proposals submitted during the year for possible funding included an examination of the factors that led individuals and businesses to decide for or against settling in Wales and a comparative evaluation of the Welsh Government's "Six Sectors" strategy drawing on evidence from other regions adopting similar approaches.

#### **Political and Constitutional**

Understandably in the year of a UK General election and just ahead of a Welsh Election there was a strong focus on political and constitutional issues. Two months after the Coalition victory at Westminster, the IWA and one of its academic partners, the Wales Governance Centre at Cardiff University, examined Cohabitation between the Taff and the Thames at a conference in Cardiff. The event looked at the issues that might arise with a Labour-Plaid Cardiff government dancing the quadrille with a Conservative-Liberal Democrat coalition in London. Later in the year former First Minister Rhodri Morgan addressed a joint IWA-Cymmrodorion meeting on the topic Where is Wales Going Next? and the current First Minister addressed the North Wales branch's annual dinner on the topic of the then forthcoming referendum on law-making powers. IWA chief executive, John Osmond co-authored with political experts from the other devolved nations a report on the distinct ways in which Wales, Scotland, and Northern Ireland have moved towards a separation of powers in Unique Paths to Devolution.

The referendum on law-making powers for the National Assembly provided the opportunity for the IWA to host a debate between pro and anti-law making campaigners at the University of Glamorgan and in association with the Wales Governance Centre the implications of the Yes vote on March 3rd 2011 were discussed at a conference After the Referendum - Prospects for the Fourth Assembly with speakers from all four main parties and from the worlds of academia and public affairs, in front of an audience of more than 100.

The main collaboration in this field this year was with the Carnegie UK Trust, with the IWA carrying out work in Wales as part of the trust's commission of inquiry into the Future of Civil Society. The IWA hosted four events designed to explore different aspects of this issue and the results were published in Growing Wales' Civil Society. Closer to home this year's IWA National Eisteddfod lecture was given by Daniel G. Williams on the theme Aneurin Bevan and Paul Robeson: Socialism, Class and Identity. Internationally, an IWA Coffee Shop debate looked at the work of self-help groups in Ethiopia in a debate led by Hywel Davies, director of TearFund Wales.

## **INSTITUTE OF WELSH AFFAIRS**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2011**

#### **Education and Culture**

Education will be of vital importance in restoring Wales's economic fortunes and thus again formed a significant part of the IWA's workload in this financial year. IWA research officer Dr. Stevie Upton has been engaged in major research into Educational Performance in Wales: the Key Stage 3 Dip, work on which continued during the year.

Education also featured in the Coffee shop debate series, Chris Corcoran CBBC presenter and former teacher musing on the importance of education for education's sake. The long running saga over the provision of Welsh-medium education in Cardiff featured in a discussion session organised by the Cardiff branch and the case for building strong links across the educational system throughout southwest Wales to boost knowledge-led economic development following the creation of University of Wales Trinity St. David was explored by the west Wales branch in a conference Opportunities of a Confederal University for South West Wales. This was the platform for a major address on higher education by the Education Minister, Leighton Andrews

Broadcasting in Wales has been much discussed in the past year as a result of the much tighter financial constraints within which all three terrestrial broadcasters, the BBC, ITV and S4C are having to operate. The IWA's response to the BBC Trust's strategy review came in the form of a paper calling for a rebalancing of spending to allow a better English language television service for Wales. During the year the IWA also co-hosted with the Hon. Society of Cymmrodorion a public lecture delivered by IWA chairman Geraint Talfan Davies on Devolution and Broadcasting which argued that radical change was needed in the constitutional arrangement for governing broadcasting and other media in devolved nations.

Various more broadly cultural events and conferences have also been held in the past year. Swansea's past as a great metal-working sector and the lessons to be learnt from the regeneration of its former copper producing area were examined in a conference to launch a Swansea University research project, History Heritage and Urban Regeneration: the Local and Global Worlds of Welsh Copper. Also in Swansea, actress Sian Phillips joined Peter Stead In Conversation, a regular series that has featured other famous sons and daughter from the area, including composer Karl Jenkins. In Cardiff Coffee Shop debates have looked at How visible is Welsh writing in English? with Peter Finch of Yr Acaedmi Cymreig and poet, and literary critic Ifor Williams postulated the thesis that Stieg Larsson, the Swedish author was the Tolstoy of our Age. Publications this year included Against the Odds: the Survival of Welsh Identity by Emeritus Professor Harold Carter, an examination of the way in which Welsh identity has ebbed and flowed over two millennia yet still managed to avoid cultural assimilation by a much bigger neighbour.

#### **Health and Social Policy**

Academy Health Wales, the special sub-group within the IWA dedicated to studying and reporting on health developments as they affect Wales, continued its work during the year, hosting a conference in Cardiff on Building the Welsh Health Economy. Addressed by keynote speaker, Sir Mansel Aylward, chair of public health Wales, the conference looked at the role of private-sector health related businesses in Wales.

Three seminars were held in south, mid and north Wales to outline work being done by the IWA for the Older People's Commissioner for Wales. These culminated in a report Adding Life to Years: Welsh Approaches to Ageing Policy, launched at an event in Cardiff Bay attended by 80 individuals, mostly professionals working in the inter-generational field. Finally in the social policy area, the IWA began work on a small-scale research project due for completion later in 2011 on Reconciling Work/Life Balance with funding from Chwarae Teg. Also during the year a proposal was put to Big Lottery Wales for funding for a project that would look at enhancing the life chances of looked-after children in Wales, a group that is growing in numbers to a worrying extent.

**INSTITUTE OF WELSH AFFAIRS**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**Environment**

Environmental issues have featured less prominently, perhaps not very surprisingly given the prominence of politics and the economy in Welsh minds during the year under review. A number of events were, nevertheless, held, including a Coffee shop debate on how individuals can help shape their environment, a Gwent branch conference on New Life for Town Centres: Unique Places for Regeneration, and a Coffee Shop debate on a project to save a rain forest (the size of Wales) in Uganda.

**FINANCIAL REVIEW**

**Reserves policy**

When considering the reserves needs of the Charity the Board prepare budgets and cash flow forecasts for the forthcoming financial year, which the Board consider to be an adequate period of review.

The objective of the directors is to build a level of reserves equal to the averaged fixed commitments for the ensuing 12 months, amounting to approximately £200,000. The level of free unrestricted reserves at 31 March 2011 was £155,860.

Restricted fund reserves reflect projects for which specific funding has been received but which have not yet been completed at the year-end. The level of restricted reserves at 31 March 2011 was nil.

**Investment policy and objectives**

It is the policy of the Charity to hold any surplus cash within a 30-day reserve account to minimise the risk to these funds whilst ensuring a reasonable rate of return.

**ON BEHALF OF THE BOARD:**

Kirsty Anne Myfanwy Davies - Secretary

Date: 21<sup>st</sup> July 2011

## **INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF INSTITUTE OF WELSH AFFAIRS**

I report on the accounts for the year ended 31 March 2011 set out on pages eleven to nineteen.

### **Respective responsibilities of trustees and examiner**

The charity's trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under Section 43(2) of the Charities Act 1993 (the 1993 Act)) and that an independent examination is required.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under Section 43 of the 1993 Act
- to follow the procedures laid down in the General Directions given by the Charity Commission (under Section 43(7)(b) of the 1993 Act); and
- to state whether particular matters have come to my attention.

### **Basis of the independent examiner's report**

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statements below.

### **Independent examiner's statement**

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
  - to keep accounting records in accordance with Section 386 and 387 of the Companies Act 2006; and
  - to prepare accounts which accord with the accounting records, comply with the accounting requirements of Sections 394 and 395 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

M Barnes FCCA  
Mitchell Meredith Limited  
Chartered Accountants  
34 High Street  
Brecon  
Powys  
LD3 7AN

Date: 5<sup>th</sup> October 2011

**INSTITUTE OF WELSH AFFAIRS**

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income		148,226	25,000	173,226	213,085
Investment income	2	1,650	-	1,650	-
<b>Incoming resources from charitable activities</b>					
Publications		4,324	700	5,024	7,736
Conferences		127,747	6,500	134,247	71,035
Research		<u>64,450</u>	-	<u>64,450</u>	<u>53,065</u>
<b>Total incoming resources</b>		<b>346,397</b>	<b>32,200</b>	<b>378,597</b>	344,921
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Costs of generating voluntary income	3	74,584	10,762	85,346	118,491
<b>Charitable activities</b>					
Publications	4	28,236	6,275	34,511	26,166
Conferences		142,180	16,357	158,537	80,660
Research		94,997	17,075	112,072	83,491
<b>Governance costs</b>	6	<u>12,169</u>	<u>1,198</u>	<u>13,367</u>	<u>9,450</u>
<b>Total resources expended</b>		<b>352,166</b>	<b>51,667</b>	<b>403,833</b>	318,258
<b>NET INCOMING/(OUTGOING) RESOURCES</b>					
		<b>(5,769)</b>	<b>(19,467)</b>	<b>(25,236)</b>	26,663
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<u>188,281</u>	<u>19,467</u>	<u>207,748</u>	181,085
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>182,512</u></u>	<u><u>-</u></u>	<u><u>182,512</u></u>	<u><u>207,748</u></u>

The notes form part of these financial statements

**INSTITUTE OF WELSH AFFAIRS**

**BALANCE SHEET  
AT 31 MARCH 2011**

	Notes	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	10	<b>26,652</b>	-	<b>26,652</b>	8,373
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due within one year	11	<b>32,833</b>	-	<b>32,833</b>	43,465
Cash at bank		<u><b>193,781</b></u>	<u>-</u>	<u><b>193,781</b></u>	<u>214,010</u>
		<b>226,614</b>	-	<b>226,614</b>	257,475
<b>CREDITORS</b>					
Amounts falling due within one year	12	<b>(70,754)</b>	-	<b>(70,754)</b>	(58,100)
		<u><b>155,860</b></u>	<u>-</u>	<u><b>155,860</b></u>	<u>199,375</u>
<b>NET CURRENT ASSETS</b>					
		<b>182,512</b>	-	<b>182,512</b>	207,748
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u><b>182,512</b></u>	<u>-</u>	<u><b>182,512</b></u>	<u>207,748</u>
<b>NET ASSETS</b>					
		<u><b>182,512</b></u>	<u>-</u>	<u><b>182,512</b></u>	<u>207,748</u>
<b>FUNDS</b>					
Unrestricted funds	14			<b>182,512</b>	188,281
Restricted funds				<u>-</u>	<u>19,467</u>
<b>TOTAL FUNDS</b>					
				<u><b>182,512</b></u>	<u>207,748</u>

The notes form part of these financial statements

**INSTITUTE OF WELSH AFFAIRS**

**BALANCE SHEET - CONTINUED**

**AT 31 MARCH 2011**

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2011.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2011 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 21<sup>st</sup> July 2011 and were signed on its behalf by:

Geraint Talfan Davies Chairman-Trustee

# INSTITUTE OF WELSH AFFAIRS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

### 1. ACCOUNTING POLICIES

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

#### **Incoming resources**

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

#### **Resources expended**

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

#### **Allocation and apportionment of costs**

Expenditure is included on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in the relevant cost categories. Staff costs are allocated between the cost categories on the basis of the activities undertaken by the individual staff members. Other costs attributable to more than one activity have been apportioned between the activities in line with staff costs.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 10% on cost
Office Equipment	- 25% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Computer equipment	- 25% on cost

#### **Taxation**

The charity is exempt from corporation tax on its charitable activities.

#### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2011**

**1. ACCOUNTING POLICIES – continued**

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Unrestricted Funds**

Unrestricted funds are membership subscriptions, donations and other incoming resources receivable or generated for the objects of the Charity without further specified purpose.

**Restricted Funds**

Restricted funds are to be used for specific purposes as laid down by the donor and expenditure which meets these criteria is charged to the fund.

**2. INVESTMENT INCOME**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Deposit account interest	<u><b>1,650</b></u>	<u><b>-</b></u>

**3. COSTS OF GENERATING VOLUNTARY INCOME**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Direct project costs	<b>16,068</b>	21,648
Support costs	<u><b>69,278</b></u>	<u>96,843</u>
	<u><b>85,346</b></u>	<u>118,491</u>

**4. CHARITABLE ACTIVITIES COSTS**

	<b>Direct costs</b>	<b>Support costs</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Publications	<b>1,260</b>	<b>33,251</b>	<b>34,511</b>
Conferences	<b>81,735</b>	<b>76,802</b>	<b>158,537</b>
Research	<u><b>17,387</b></u>	<u><b>94,685</b></u>	<u><b>112,072</b></u>
	<u><b>100,382</b></u>	<u><b>204,738</b></u>	<u><b>305,120</b></u>

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2011**

**5. SUPPORT COSTS**

	<b>Office &amp; Sundry Costs £</b>	<b>Staff Costs £</b>	<b>Depreciation £</b>	<b>Bank Charges £</b>	<b>Totals £</b>
Costs of generating voluntary income	14,576	53,822	691	189	69,278
Governance costs	935	6,081	44	427	7,487
Publications	4,586	28,259	218	188	33,251
Conferences	14,277	61,471	678	376	76,802
Research	<u>21,966</u>	<u>71,488</u>	<u>1,043</u>	<u>188</u>	<u>94,685</u>
	<u>56,340</u>	<u>221,121</u>	<u>2,674</u>	<u>1,368</u>	<u>281,503</u>

<b>Activity</b>	<b>Basis of allocation</b>
Premises	Staff time
Office and Sundry Costs	Staff time
Staff Costs	Staff time
Depreciation	Staff time
Bank Charges	Transactions

**6. GOVERNANCE COSTS**

	<b>2011 £</b>	2010 £
ISO Quality Assurance	540	477
Auditors' remuneration	-	2,900
Auditors' remuneration for non-audit work	5,340	2,560
Support costs	<u>7,487</u>	<u>3,513</u>
	<u>13,367</u>	<u>9,450</u>

**7. NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting):

	<b>2011 £</b>	2010 £
Auditors' remuneration	-	2,900
Depreciation - owned assets	5,510	2,513
Hire of plant and machinery	<u>2,662</u>	<u>2,234</u>

**8. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 March 2011 nor for the year ended 31 March 2010.

**Trustees' Expenses**

During the year the Trustee Mr Geraint Talfan Davies was paid £207 in respect of expenses incurred on behalf of the IWA. No expenses were paid for the year ended 31 March 2010.

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2011**

**9. STAFF COSTS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>191,368</b>	163,758
Social security costs	<b>19,835</b>	17,173
Other pension costs	<b>9,558</b>	12,815
	<b><u>220,761</u></b>	<b><u>193,746</u></b>

The average monthly number of employees during the year was as follows:

	<b>2011</b>	<b>2010</b>
Trustees (during the year)	<b>19</b>	19
Chief Executive	<b>1</b>	1
Full Time Staff	<b><u>6</u></b>	<b><u>5</u></b>
	<b><u>26</u></b>	<b><u>25</u></b>

**10. TANGIBLE FIXED ASSETS**

	Improvements to property £	Office Equipment £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>					
At 1 April 2010	-	14,141	9,217	15,376	38,734
Additions	<b><u>21,949</u></b>	-	-	<b><u>1,840</u></b>	<b><u>23,789</u></b>
At 31 March 2011	<b><u>21,949</u></b>	<b><u>14,141</u></b>	<b><u>9,217</u></b>	<b><u>17,216</u></b>	<b><u>62,523</u></b>
<b>DEPRECIATION</b>					
At 1 April 2010	-	11,012	5,811	13,538	30,361
Charge for year	<b><u>2,835</u></b>	<b><u>782</u></b>	<b><u>341</u></b>	<b><u>1,552</u></b>	<b><u>5,510</u></b>
At 31 March 2011	<b><u>2,835</u></b>	<b><u>11,794</u></b>	<b><u>6,152</u></b>	<b><u>15,090</u></b>	<b><u>35,871</u></b>
<b>NET BOOK VALUE</b>					
At 31 March 2011	<b><u>19,114</u></b>	<b><u>2,347</u></b>	<b><u>3,065</u></b>	<b><u>2,126</u></b>	<b><u>26,652</u></b>
At 31 March 2010	<b><u>-</u></b>	<b><u>3,129</u></b>	<b><u>3,406</u></b>	<b><u>1,838</u></b>	<b><u>8,373</u></b>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>20,606</b>	14,749
Prepayments	<b><u>12,227</u></b>	<u>28,716</u>
	<b><u>32,833</u></b>	<b><u>43,465</u></b>

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2011**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2011</b>	2010
	<b>£</b>	£
Trade creditors	<b>10,810</b>	13,149
Social security and other taxes	<b>4,939</b>	4,801
VAT	<b>9,210</b>	6,849
Accrued expenses	<b><u>45,795</u></b>	<u>33,301</u>
	<b><u>70,754</u></b>	<u>58,100</u>

**13. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	<b>2011</b>	2010
	<b>£</b>	£
Expiring:		
Between one and five years	<b>2,300</b>	2,300
In more than five years	<b><u>15,726</u></b>	<u>16,612</u>
	<b><u>18,026</u></b>	<u>18,912</u>

**14. MOVEMENT IN FUNDS**

	<b>At 1.4.10</b>	<b>Net</b>	<b>At 31.3.11</b>
	<b>£</b>	<b>movement</b>	<b>£</b>
		<b>in funds</b>	
		<b>£</b>	
<b>Unrestricted funds</b>			
General fund	<b>188,281</b>	<b>(5,769)</b>	<b>182,512</b>
<b>Restricted funds</b>			
Esmee Fairburn Research Grant	<b>19,467</b>	<b>(19,467)</b>	<b>-</b>
	<b><u>207,748</u></b>	<b><u>(25,236)</u></b>	<b><u>182,512</u></b>

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31 MARCH 2011**

**14. MOVEMENT IN FUNDS – continued**

Net movement in funds, included in the above are as follows:

	<b>Incoming resources £</b>	<b>Resources expended £</b>	<b>Movement in funds £</b>
<b>Unrestricted funds</b>			
General fund	<b>346,397</b>	<b>(352,166)</b>	<b>(5,769)</b>
<b>Restricted funds</b>			
Esmee Fairbairn Salary Grant	<b>25,000</b>	<b>(25,000)</b>	-
Esmee Fairburn Research Grant	-	<b>(19,467)</b>	<b>(19,467)</b>
Eisteddfod Lecture	<b>700</b>	<b>(700)</b>	-
Inspire Wales Awards	<b>1,000</b>	<b>(1,000)</b>	-
Building Healthy Economy Conference	<b>5,000</b>	<b>(5,000)</b>	-
Creativity in Hard Times Conference	<b>500</b>	<b>(500)</b>	-
	<b>32,200</b>	<b>(51,667)</b>	<b>(19,467)</b>
	<b>378,597</b>	<b>(403,833)</b>	<b>(25,236)</b>

**RESTRICTED FUNDS**

The Esmee Fairburn salary grant represents funding to cover research officer costs for one year.

The Esmee Fairburn research grant represents funding for research into improving the performance of Welsh schoolchildren at key stage 3.

The Eisteddfod Lecture grant represents funding received towards the publication of a lecture given at the National Eisteddfod 2010.

Inspire Wales Awards represents funding towards the costs of hosting the annual Inspire Wales awards ceremony 2010.

Building Healthy Economy conference represents a grant towards the costs of putting on a conference discussing Building a healthy economy in Wales.

Creativity in Hard Times conference represents funding towards running the conference entitled Creativity in Hard Times.

**INSTITUTE OF WELSH AFFAIRS**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2011**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>INCOMING RESOURCES</b>		
<b>Voluntary income</b>		
Donations	310	2,464
Gift aid	1,756	3,657
Grants	92,500	115,000
Membership subscriptions and donations	<u>78,660</u>	<u>91,964</u>
	<b>173,226</b>	213,085
<b>Investment income</b>		
Deposit account interest	1,650	-
<b>Incoming resources from charitable activities</b>		
Activities to further the charity's objects	<u>203,721</u>	<u>131,836</u>
<b>Total incoming resources</b>	<b>378,597</b>	344,921
<b>RESOURCES EXPENDED</b>		
<b>Costs of generating voluntary income</b>		
Direct project costs	16,068	21,648
<b>Charitable activities</b>		
Direct project costs	100,382	38,445
<b>Governance costs</b>		
ISO Quality Assurance	540	477
Auditors' remuneration	-	2,900
Auditors' remuneration for non-audit work	<u>5,340</u>	<u>2,560</u>
	<b>5,880</b>	5,937
<b>Support costs</b>		
<b>Office and Sundry Costs</b>		
Hire of office equipment	2,662	2,234
Rent and rates	16,637	16,866
Insurance	1,099	343
Telephone	2,652	3,359
Postage and stationery	7,964	7,179
Sundries	5,038	6,111
Travel & entertainment	2,300	3,355
Cleaner	388	264
Maintenance	1,530	1,430
Carried forward	<u>40,270</u>	<u>41,141</u>

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**INSTITUTE OF WELSH AFFAIRS**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2011**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Office and Sundry Costs</b>		
Brought forward	<b>40,270</b>	41,141
Computer costs	<b>6,791</b>	3,199
Marketing	<b>8,982</b>	6,132
Bad debt	<b>297</b>	<u>2,852</u>
	<b>56,340</b>	53,324
<b>Staff Costs</b>		
Wages	<b>191,368</b>	163,758
Social security	<b>19,835</b>	17,173
Pensions	<b>9,558</b>	12,815
Staff training	<b>360</b>	<u>1,600</u>
	<b>221,121</b>	195,346
<b>Depreciation</b>		
Depreciation of tangible fixed assets	<b>2,674</b>	2,514
<b>Bank Charges</b>		
Bank charges	<b>1,368</b>	<u>1,044</u>
<b>Total resources expended</b>	<b>403,833</b>	318,258
	<hr/>	<hr/>
<b>Net (expenditure)/income</b>	<b><u>(25,236)</u></b>	<b><u>26,663</u></b>

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