

Company registration number: 02151006  
Charity registration number: 1078435

**INSTITUTE OF WELSH AFFAIRS**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

Mitchell Meredith Limited  
Chartered Accountants  
The Exchange  
Fiveways  
Temple Street  
Llandrindod Wells  
Powys  
LD1 5HG

## **INSTITUTE OF WELSH AFFAIRS**

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**INSTITUTE OF WELSH AFFAIRS**  
**REFERENCE AND ADMINISTRATIVE DETAILS**

**Charity name** Institute of Welsh Affairs

**Charity registration number** 1078435

**Company registration number** 02151006

**Principal office** 2nd Floor  
4 Cathedral Road  
Cardiff  
CF11 9LJ

**Registered office** 2nd Floor  
4 Cathedral Road  
Cardiff  
CF11 9LJ

**INSTITUTE OF WELSH AFFAIRS**  
**REFERENCE AND ADMINISTRATIVE DETAILS**

**Trustees**

Dr E Ap Gwilym  
Mr DG Clarke  
Mr RA David  
Mr GT Davies  
Mr PR Davies  
Mr NG Griffiths  
Mr GH Holtham  
Professor M Jones  
Mrs RS Marks  
Ms M Mathias  
Professor LJ McAllister  
Mr C O'Malley  
Ms WJ Sadler  
Professor JV Tucker  
Mr PH Valerio  
Sir AL Webb  
Dr R Williams

**Secretary**

Ms KAM Davies

**Accountant**

Mitchell Meredith Limited  
The Exchange  
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Temple Street  
Llandrindod Wells  
Powys  
LD1 5HG

## INSTITUTE OF WELSH AFFAIRS

### CHAIRMAN'S REPORT

2012-13 became a year of both celebration and fundamental change for the IWA. We celebrated 25 years of our existence, not only through maintaining our usual high level of activity, but also by publishing a fascinating volume of essays in which writers and commentators looked back over the last quarter century and forward to chart their own aspirations for Wales. This was accompanied by an exhibition of photo portraits of the contributors - by photographer, John Briggs - that toured Wales.

It was in 1987, a rather dark period in Welsh life, that a group of us got together to set up the IWA because there was a real sense of a vacuum in Welsh civic life. Specifically, we thought, there was no organisation entirely independent of government or party that could provide a bridge between the all-too separate worlds of business, academia, politics, and the wider public. We wanted to get some fresh and positive thinking into the public domain and to engage more people, and more businesses, in serious debate about public policy as it affects Wales.

We have not changed the world. We don't have the resources of a government or of a university or even of London think tanks, but I do think we have made a mark, mainly by putting people in touch with ideas, sometimes our own, often the ideas of others.

In 1993 we were the first to point to the widening GDP gap with the rest of the UK in a report that looked forward to 2010. Sadly, too few of the ambitions for Wales expressed in that report have been achieved. In the late 1990s – with the indefatigable John Osmond in post as our first full-time Chief Executive - we made a constructive contribution to the first devolution proposals and published the statistical survey that made the case for EU Objective 1 status for a large part of Wales. It was written by an academic/political alliance of Professor Kevin Morgan and Adam Price – an intellectual precursor, perhaps, of a later coalition.

With the Assembly established, a decade of research and campaigning work by the IWA, steered by Colin Jenkins and John David, ultimately led to the piloting of the Welshbac by the Welsh Government, although not on the precise basis that we had mapped out. We provided a platform for another campaign to appoint a Chief Scientific Advisor for Wales. Our report on architectural standards persuaded the Welsh Government to establish the Design Commission for Wales, while another report made a persuasive case for establishing the Wales Millennium Centre.

In recent years a report on rural schools, found there was a more powerful case for amalgamations than many opponents were prepared to admit. And a study last year on school performance at Key Stage 3, instead of just concentrating on weaknesses – of which there are undoubtedly many – pinpointed instead the best practices that we thought all schools should emulate.

In the last year we have continued to focus on the key issues of the economy and education: several conferences on business finance, a focus on infrastructure improvements through our involvement with the Metro Consortium pushing for a more intensive rail network in south east Wales city region, a seminar supported by the Office of Fair Trading in which we examined the interface between the public and private sectors, and our annual education conference in which we returned again to the continuing task of raising standards in our schools.

We have also played our full part in the partnership with the Wales Governance Centre at Cardiff University and Tomorrow's Wales in the UK Changing Union project. This has been examining future relationships in these islands. To do so the project has attempted to engage not only people in Wales, but also representatives from England, Scotland and Northern Ireland, so that constitutional debates in each part of the UK are properly connected.

During the year the partnership presented a substantial volume of evidence to the first stage of the work of the Silk Commission on tax devolution. We also gave oral evidence to the Commission. Later, we gave further evidence to Stage 2 of their work, concentrating on clarifying and strengthening the current devolution model.

## **INSTITUTE OF WELSH AFFAIRS**

### **CHAIRMAN'S REPORT**

A moment of celebration has also become a pivotal moment of change for the IWA. John Osmond, our Chief Executive, stepped down from the post after 17 years in the post. John has made a remarkable contribution to Welsh public life over nearly four decades and we have been fortunate that his considerable energies were devoted to the IWA for such a long period. He has been a powerful engine for the development of Welsh civil society, and a trenchant commentator on public affairs. The IWA's debt to him is huge.

We are delighted to have secured as John's successor, Lee Waters, previously Chief Executive of the influential green transport organisation, Sustrans Cymru. Lee has wide experience of Welsh public life, having worked for politicians in Wales and Westminster, and as a journalist for the BBC and for ITV Wales as their Chief Political Correspondent. He also played a leading role in the 2011 referendum 'Yes for Wales' campaign. At Sustrans he demonstrated a powerful capacity to bring practical innovation as well as challenge into the policy debate in Wales. His appointment will, I believe, mark a significant generational shift in the leadership of the IWA.

Over the next year Lee will be setting out his strategies for building greater partnership working, for moving the IWA more fully into the digital age, improving our service to members and for increasing income generation to counter the recessionary effects of recent years on our finances.

An anniversary is a fitting moment to thank all those who have supported the IWA over this period – individuals, businesses, trusts and foundations. And also to thank our immensely hard working staff, both past and present, for their efforts. Over time a voluntary organisation builds a very substantial debt of gratitude to very many people. I hope we can repay that by always striving to improve in ways that will increase our impact on our own society in Wales. In doing so the Institute of Welsh Affairs will do its bit to keep the windows of Wales wide open and I hope you will all be willing to help us in that effort.

Geraint Talfan Davies

Chairman, IWA

## **INSTITUTE OF WELSH AFFAIRS**

### **TRUSTEES' REPORT**

The Trustees present their report and the financial statements for the year ended 31st March 2013

#### **Structure, Governance and Management**

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 Trustees**

The directors of the company are also charity trustees for the purposes of charity law.

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.

#### **Trustee Induction and Training**

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

#### **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 their 2012 Strategic Review. It is the view of the board that there have been no material alterations in risks since that date. 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 activities and 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.

**INSTITUTE OF WELSH AFFAIRS**  
**TRUSTEES' REPORT**

- 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.

**Organisation 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 are deemed to be related parties

**Our Aims and Objectives**

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, Swansea Bay and Gwent and Cardiff and the Valleys as well as an affiliated organisation in London (Wales in London).

**How our activities deliver 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.

## INSTITUTE OF WELSH AFFAIRS

### TRUSTEES' REPORT

#### **Financial Review, Achievements and Performance**

During 2012-2013 the IWA has again produced an impressive body of work; a total of 34 conferences and other events were organised, with a heavy emphasis on the economy, the environment, education and the constitution, and two significant books were published. *25/25 Vision: Welsh Horizons Across 50 years*, celebrated the IWA's 25th anniversary while *The Big Society in a Small Country* looked at the implications for Wales of new thinking on community involvement. In addition, the IWA managed the not insignificant feat of producing always interesting and sometimes controversial daily posts on a topic of current concern on its ClickonWales website, as well as three high quality print issues of its journal, *the welsh agenda*.

#### **Economy**

With Britain entering its fourth year of low growth, the economy dominated much of the IWA's work again as we sought to come up with interesting ideas and approaches to ensure Wales found the path to prosperity. Early in May our conference *Connecting Wales with the World of Finance* brought distinguished UK business and finance experts to Wales to discuss how the various sources of finance from venture capital to bank finance could be used. The keynote speech was delivered by a prominent business leader with strong links to Wales, Sir Nigel Rudd, the chairman of the Government-established Business Growth Fund. The finance for business theme was returned to later in the year in a joint conference with the Federation for Small Business, *Alternative Finance for Welsh Micro business*. This looked at some of the problems smaller concerns have in raising finance from traditional sources, such as banks, and whether there were alternative models for providing funds that could be developed in Wales. This is a theme the IWA will be returning to in view of its crucial importance.

The IWA's flagship economic conference chose as its the theme this year, *Making Wales Competitive*. An audience drawn from business, government and academia hear speakers talk about the role major new infrastructural projects, such as a Severn Barrage, rail electrification, a new airport, and new nuclear power installations in stimulating economic renewal. The rail theme was picked up again a few weeks later in *Making a Welsh Metro Happen*. Organised by the IWA, which has had a long-standing interest in the development of better links between Cardiff and its hinterland, and bringing together a range of interested parties, the conference examined imaginative ideas for making the best use of the opportunities arising out of the Government's commitment to electrify the Valley routes out of Cardiff as part of the project to bring electrification on the mainline from Paddington to Swansea. Ensuring they gain access to a fair share of the public spending, such as this, is, of course, one of the priorities for Welsh businesses big and small and in another conference chaired by Gerry Holtham, *Improving Welsh Procurement*, delegates were treated to a series of presentations on how to maximise the impact of public spending in Wales.

An alternative economic model was examined at another event *Co-operative Enterprise – Building a Better Wales*. Held in conjunction with the Co-operative movement, the event was the occasion for the launch of a special report by a group of visitors from Wales to the long-established Mondragon co-operative in Spain, a successful retail, manufacturing and banking business that has enabled its region of Spain to weather the economic storms more successfully than many other parts of the country. Co-operatives on a different scale were featured in one of the IWA's informal Coffee shop debates held in Cardiff's Chapter Arts Centre. This looked at how food co-operatives work. The Swansea Bay branch also contributed to the IWA's economic programme with a special event *A Glimpse into the World of Manufacturing*, which featured a visit to the city's AB Glass factory and a talk on its microbusiness approach.

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**Environment**

Environmental topics have always formed a main part of the IWA's offering and the year under review was no exception. Early in the year the IWA *Putting Wales at the Heart of Rio+20* event looked at the practical impact forthcoming Welsh Government sustainable development legislation would have in delivering UN Rio de Janeiro 2012 summit goals and this was followed by a series of regional consultation seminars in Bangor, Wrexham, Pembroke and Cardiff. In a related event in Swansea the findings of the Wales 2030 project were discussed and an update given on the results of a survey of Welsh companies on sustainability. Other environmental events during the year included a conference in Cardiff and the launch of *Growing Our Woodlands in Wales*, published in association with the Forestry Commission in Wales and focusing on the ambition to increase woodland cover in Wales to 20 per cent, and two events organised by the Swansea Bay branch. The first, *Creating a Sustainable Vision for Gower*, debated the future of the peninsula as a place to live and work, while the second, offered a perspective on the issues facing the rural economy in Wales.

**Education**

If Wales is to compete in the modern world, the importance of education cannot, of course, be overstated and in 2012-13 the IWA maintained its strong interest and commitment to analysing the issues in this area. The appointment of a Chief Scientific Adviser to the Welsh Government was a cause the IWA adopted some time ago so it was pleasing that the first holder of that post Professor John Harries spoke in Cardiff early in the year under review on the way a new science policy for Wales is being developed. Wales's education minister, Leighton Andrews, spoke to North Wales members in Llandudno during the year, and a very well-attended event in Cardiff, organised jointly with OCR, was held to hear the findings of a report by the examination body on the highly topical issue of the curriculum and qualifications in Wales and the UK generally. Another Cardiff event, *The Second Wave in Welsh School Improvement*, organised jointly with the WJEC, was held to examine how to ensure enhanced performance at secondary schools in Wales in the next three years.

**Politics**

During Eisteddfod week the IWA hosted two events on the Maes, its annual lecture in which Professor Thomas Watkin gave an overview of the development of devolution from a legal perspective, and a debate between IWA chair Geraint Talfan Davies, former MP and AM Cynog Dafis, former Brussels official, Hywel Ceri Jones, and lawyer Emyr Lewis on future relationships between the nations of Britain. This latter debate has strong relevance for a major piece of work the IWA is currently engaged on with partners from across the UK, *Changing Union*, an investigation into what future shape the UK might take. Later in the year in *Calling Young People: UK Changing Union, Our Future*, a youth summit in Cardiff Bay sought to gain the opinions of young people on devolution and to inform them of current developments. Also in November in another event based around the Changing Union project a very well-attended conference looked at the details of the Silk Commission's recommendations on extending fiscal devolution to Wales.

**Social Issues**

The IWA maintained its record during the year of encouraging debate on some of the key health issues facing Wales with a conference in January *Making Sense of the NHS in Wales*. Held in association with the General Medical Council and the Royal College of Nursing, it brought together health professionals and members of the public to examine the future of the health service in Wales. One of those issues - excessive alcohol intake - featured in a Coffee Shop debate, *Should We learn to Love the Nanny State?* which asked who should take responsibility for the lifestyle choices that result in ill-health.

## INSTITUTE OF WELSH AFFAIRS

### TRUSTEES' REPORT

The year under review also marked the beginning of the IWA's co-operation with the Welsh Books Council to produce a special arts section within *the welsh agenda*, and a number of interesting features, book reviews and other items were covered. Also during the year the significance of the Welsh national anthem was the subject of the *Glyndwr Lecture* given by poet and author Mererid Hopwood and the 25th anniversary publication *25/25 Vision* was accompanied by an exhibition of photographs by John Briggs and a dinner at St. David's Hall in Cardiff. In another Coffee Shop debate, *More Welsh than the Welsh*, Peter Cox asked why some immigrants to Wales became stronger supporters of Welsh language and culture than the Welsh themselves. The *IWA Women Conference* asked another question. Norma Jarboe and Adele Baumgardt wanted to know why women's representation on boards of companies and public bodies remained so low.

#### Awards

Two highly successful awards dinners were also organised during the year, the first the *Inspire Wales Awards*, celebrating individuals and organisation that have brought special qualities to their businesses or communities, and the Welsh Business Awards, marking the achievements of Welsh businesses and businesspeople, big and small. Both events were held in association with the IWA's main media partner, the Western Mail, the strong support of which is gratefully acknowledged.

#### Events

4 April 2012

**Science in Wales (Cardiff)** – Professor Harries, Chief Scientific Advisor to the Welsh Government described developments informing formulation of new science policy of the Welsh Government

1 May 2012

**Connecting Wales with the world of finance (Cardiff)** - Conference examining what can be done to increase the flow of start up finance for businesses in Wales. Keynote speakers included: Sir Nigel Rudd, Chairman of the Business Growth Fund. 58 attendees

17 May 2012

**Wales 2030 – what role for Wales? (Swansea)** - Swansea Bay branch event, Vincent Kane discussed findings of the Wales 2030 project, and an update on results of a survey of Welsh companies of the sustainability and direction of Welsh business.

18 May 2012

**Putting Wales at the Heart of Rio +20 (Cardiff)** - Conference examining the practical impact the forthcoming Welsh Government sustainable development legislation will have on delivering the UN Rio de Janeiro 2012 Summit goals. 70 registered attendees

13,15,25,26 June 2012

**Consultation Event on the Sustainable Development Bill (Bangor, Wrexham, Pembroke, Cardiff)** Series of consultation seminars providing the opportunity to respond to the Sustainable Development Bill for Wales

14 June 2012

#### Inspire Wales Awards Ceremony (Cardiff)

6 July 2012

**Co-operative Enterprise - Building a Better Wales (Cardiff)** - Free annual Co-op conference in association with IWA, held at Glamorgan Atrium in Cardiff. Featured the launch of the Mondragon report. Followed by Comedy event with Mark Steel at the WMC. 217 registered attendees.

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9 July 2012

**Growing our Woodlands in Wales (Cardiff)** - in association with the Forestry Commission in Wales. Engaging with WG's policy to increase woodland cover to 20%. Launch of the eponymous IWA report. Keynote speakers included John Griffiths, Prof Gareth Wyn Jones, Jon Owen Jones. 90 attendees.

7 August 2012

**Eisteddfod Lecture – Frustrating Welsh Law (Vale of Glamorgan)** - Professor Thomas Watkin gave an overview of the development of devolution in Wales

9 August 2012

**Eisteddfod Debate (Vale of Glamorgan)** - Cynog Dafis, Geraint Talfan Davies, Hywel Ceri Jones and Emyr Lewis debate the future of the relationships between the nations of Britain

4 September 2012

**Coffee Shop Debates: Food-Co-operatives (Cardiff)** - Richard Reast from the Rural Regeneration Unit explained the work of the RRU and gave a demonstration of how a Food Co-op works, a free bag of organic veg for each member of the audience who participated.

6 September 2012

**A Glimpse into the World of Manufacturing (Swansea)** - Swansea Bay branch event, committee member Alan Brayley gave a presentation and tour of his AB Glass factory, as an example of a successful microbusiness.

16 September 2012

**Glyndwr Lecture (Caernarfon)** - Mererid Hopwood discussing the meaning and significance of the Welsh national anthem.

27 September 2012

**25/25 Vision: Welsh Horizons over 50 years (Carmarthen)** - 25th anniversary exhibition of photographs by John Briggs followed by dinner at St. David's Hall. Speech from Prof Dai Smith to launch the book.

28 September 2012

**IWA Women conference (Cardiff)** - With Norma Jarboe OBE and Adele Baumgardt. Norma Jarboe presented on the representation of women as chairs, directors and chief executives of public bodies.

16 October 2012

**Blue Plaques for Swansea – Who were the greats? (Swansea)** - Swansea Bay branch event. Peter Stead was joined by a panel of scholars who identified the great men and women whose lives should be celebrated.

23 October 2012

**Alternative Finance for Welsh micro business (Cardiff)** - Conference looking at how to increase funding to microbusinesses. In association with the FSB. 68 attendees.

26 October 2012

**25/25 Vision (Caernarfon)** - Exhibition of the photographs on display until 6th January

5 November 2012

**Improving Welsh Procurement (Cardiff)** - in association with Constructing Excellence Wales. Gerry Holtham chaired a conference exploring how the creative use of public procurement can help to maximise the impact of public spending in Wales. 68 attendees.

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6 November 2012

**The future of Work – Coffee Shop Debate with Norma Jarboe OBE. (Cardiff)** - Norma led a coffee shop debate examining the changes to the character of the workplace, and generational shifts in attitudes of employees, and the role of women in the workplace.

7,8 November 2012

**Calling Young People: UK Changing Union, Our future – Youth Summit (Cardiff)** - seeking the views and opinions of young people on devolution, and to inform them of current developments.

9 November 2012

**IWA / Western Mail Business Awards (Cardiff)** - Annual Business Awards hosted by Faisal Islam

26 November 2012

**Taxation and Borrowing Powers (Cardiff)** - Conference arranged by the Changing Union project, engaging with the Silk Commission's recommendations on fiscal devolution to Wales, ahead of their publication later in November. 96 attendees.

6 December 2012

**25th Anniversary North Wales dinner (Llandudno)** - Leighton Andrews spoke on education at the annual north Wales dinner to mark the IWA's 25th anniversary

12 December 2012

**Curriculum and qualifications in a future Wales and United Kingdom (Cardiff)** - in association with the OCR. Chaired by Anna Brychan, conference examining findings of the OCR's report on qualifications in Wales. 85 Attendees.

8 January 2013

**Coffee Shop Debate – Should we learn to love the nanny state? (Cardiff)** - Andrew Misell of Alcohol Concern led a debate asking who is responsible for lifestyle choices that result in ill-health

11 January 2013

**Making sense of the NHS in Wales (Cardiff)** - In association with the General Medical Council and the Royal College of Nurses. Conference examining the future of the NHS in Wales, and providing a space for lay people to get to grips with the evidence, opinion and argument about Health Policy. 80 attendees.

17 January 2013

**Creating a sustainable vision for Gower (Gower)** - Swansea Bay branch event to debate the future of Gower as a place to live and work. On the panel were Courtney Grove, Alison Tucker, Terry Stevens and Marion Walters. Special Guest Nigel Jenkins kicked off proceedings by reading some poetry, courtesy of the H'mm foundation. 120 attendees.

24 January 2013

**Launch of the IWA Inspire Wales Awards in association with the Western Mail (Cardiff)** - Official launch at Cardiff City Hall, sponsored by Western Power Distribution

5 March 2013

**More Welsh than the Welsh – Coffee Shop Debate (Cardiff)** - Peter Cox led a debate on Welsh culture and identity, asking why some immigrants become stronger supporters of Welsh culture and language than natives.

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6 March 2013

**IWA offers a perspective on Rural Affairs (Swansea)** - Swansea Bay branch luncheon event with guest speakers Meurig Raymond, Deputy President of the NFU, and Paul Relf and Kim Flanders from Swansea Council, on the issues facing the rural economy in Wales.

8 March 2013

**The Second Wave in Welsh School Improvement (Cardiff)** - In association with the WJEC Conference examining what we should be planning to ensure enhanced performance at secondary schools in the next three years. 76 attendees.

15 March 2013

**Making Wales Competitive – IWA national economy conference (Cardiff)** - In association with PwC and CBI Wales. Conference engaging with ideas to improve the economic performance of Wales, e.g. Severn Barrage, a Servernside airport, rail electrification, new nuclear power station in north Wales. 62 attendees.

25 March 2013

**Making a Welsh Metro Happen (Cardiff)** - Supported by Capita Symonds, Cardiff Business Partnership, HoV Development company, Cardiff Business School, M7G Barry consulting, Powell Dobson Urbanists, Jones Lang LaSalle and Wardell Armstrong. Conference examining the practical challenges to policy makers in making the Metro a reality. Also featuring the launch of a new report engaging with policy initiatives. 74 attendees

**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 unrestricted reserves at 31 March 2013 was £119,512.

Restricted fund reserves reflect projects for which specific funding has been received but which have not yet been completed at the year-end.

**Small company provisions**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 20 August 2013 and signed on its behalf by:

.....  
Ms KAM Davies  
Secretary

.....  
Mr GT Davies  
Trustee

## **INSTITUTE OF WELSH AFFAIRS**

### **TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

I report on the accounts of the company for the year ended 31 March 2013, which are set out on pages 15 to 25.

**Respective responsibilities of trustees and examiner**

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of (named body).

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 145 of the 2011 Act ;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145 (5) (b) of the 2011 Act ; and
- state whether particular matters have come to my attention.

**Basis of 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 statement 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 of the Companies Act 2006; and
  - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have 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 L Barnes  
Mitchell Meredith Limited  
Chartered Accountants  
20 August 2013

The Exchange  
Fiveways  
Temple Street  
Llandrindod Wells  
Powys  
LD1 5HG

**INSTITUTE OF WELSH AFFAIRS**  
**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE**  
**ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2013**

	Unrestricted Funds	Restricted Funds	Total Funds 2013	Total Funds 2012
Note	£	£	£	£
<b>Incoming resources</b>				
Incoming resources from generated funds				
Voluntary income	2	138,027	30,000	168,027
Investment income	3	1,893	-	1,893
Incoming resources from charitable activities				
Other incoming resources	4	159,987	85,408	245,395
Other incoming resources	5	12,430	-	12,430
Total incoming resources		<u>312,337</u>	<u>115,408</u>	<u>427,745</u>
<b>Resources expended</b>				
Costs of generating funds				
Costs of generating voluntary income	6	50,068	-	50,068
Charitable activities	6	277,964	105,408	383,372
Governance costs	6	28,146	-	28,146
Total resources expended		<u>356,178</u>	<u>105,408</u>	<u>461,586</u>
Net movements in funds		(43,841)	10,000	(33,841)
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>163,353</u>	-	<u>163,353</u>
Total funds carried forward		<u><u>119,512</u></u>	<u><u>10,000</u></u>	<u><u>129,512</u></u>

All incoming resources and resources expended derive from continuing activities.

The notes on pages 17 to 25 form an integral part of these financial statements.

**INSTITUTE OF WELSH AFFAIRS (REGISTRATION NUMBER: 02151006)**

**BALANCE SHEET AS AT 31 MARCH 2013**

		<b>2013</b>		<b>2012</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	11		20,195		25,599
<b>Current assets</b>					
Debtors	12	44,363		91,360	
Cash at bank and in hand		<u>133,573</u>		<u>126,914</u>	
		177,936		218,274	
<b>Creditors: Amounts falling due within one year</b>					
	13	<u>(68,619)</u>		<u>(80,519)</u>	
<b>Net current assets</b>			<u>109,317</u>		<u>137,755</u>
<b>Net assets</b>			<u><u>129,512</u></u>		<u><u>163,354</u></u>
<b>The funds of the charity:</b>					
<b>Restricted funds in surplus</b>			10,000		-
<b>Unrestricted funds</b>					
Unrestricted income funds			<u>119,512</u>		<u>163,354</u>
<b>Total charity funds</b>			<u><u>129,512</u></u>		<u><u>163,354</u></u>

For the financial year ended 31 March 2013, the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 20 August 2013 and signed on its behalf by:

.....

Ms KAM Davies  
Secretary

.....

Mr GT Davies  
Trustee

The notes on pages 17 to 25 form an integral part of these financial statements.

## INSTITUTE OF WELSH AFFAIRS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

#### 1 Accounting policies

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (SORP 2005)', issued in March 2005, applicable accounting standards and the Companies Act 2006.

##### **Fund accounting policy**

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Further details of each fund are disclosed in note 17.

##### **Incoming resources**

Voluntary income including donations and grants that provide core funding or are of a general nature is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Incoming resources from tax reclaims are included in the statement of financial activities at the same time as the gift to which they relate.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

##### **Resources expended**

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of generating funds are the costs associated with attracting voluntary income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

##### **Governance costs**

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

## INSTITUTE OF WELSH AFFAIRS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

..... continued

#### Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

#### Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

#### Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Website Development	Straight line over 7 years
Fixtures & Fittings	10% of Net Book Value
Office Equipment	25% of Net Book Value
Computer Equipment	Straight line over 4 years

#### Operating leases

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

#### Pensions

The charity operates a defined contribution pension scheme. Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

## 2 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Appeals and donations	137	-	137	500
Gift Aid tax reclaimed	7,354	-	7,354	14,761
Trusts and foundations	40,000	30,000	70,000	92,500
Subscriptions	90,536	-	90,536	88,904
	<u>138,027</u>	<u>30,000</u>	<u>168,027</u>	<u>196,665</u>

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

..... *continued*

**3 Investment income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2013 £</b>	<b>Total Funds 2012 £</b>
Interest on cash deposits	1,893	-	1,893	2,671
	1,893	-	1,893	2,671

**4 Incoming resources from charitable activities**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2013 £</b>	<b>Total Funds 2012 £</b>
Publication Income	3,195	20,000	23,195	4,853
Conference Income	149,502	9,363	158,865	178,655
Research Income	7,290	56,045	63,335	35,770
	159,987	85,408	245,395	219,278

**5 Other incoming resources**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2013 £</b>	<b>Total Funds 2012 £</b>
<b>Other income</b>				
Seconded staff	12,430	-	12,430	-
	12,430	-	12,430	-

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

**6 Total resources expended**

	<b>Members</b>	<b>Research</b>	<b>Publications</b>	<b>Conferences</b>	<b>Governance</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Direct costs</b>						
Direct costs	-	6,297	34,256	110,619	-	151,172
<b>Support costs</b>						
Employment costs	41,607	109,506	23,948	43,266	16,993	235,320
Establishment costs	476	11,158	873	6,845	195	19,547
Repairs and maintenance	265	412	128	271	108	1,184
Office expenses	1,734	2,680	833	1,770	708	7,725
Printing, posting and stationery	1,987	4,221	956	2,028	812	10,004
Subscriptions and donations	-	-	-	-	561	561
Equipment hire	936	1,456	450	955	382	4,179
Sundry and other costs	-	5,819	-	-	-	5,819
Cleaning	161	249	77	164	65	716
Travel and subsistence	214	5,518	103	219	87	6,141
Advertising and promotion	1,092	1,701	525	1,116	446	4,880
Accountancy fees	-	-	-	-	3,110	3,110
Legal and professional costs	-	-	-	70	5,000	5,070
Bad debt expense	-	-	-	-	(973)	(973)
Bank charges	387	602	186	395	158	1,728
Depreciation of tangible fixed assets	1,209	1,883	582	1,235	494	5,403
	<u>50,068</u>	<u>145,205</u>	<u>28,661</u>	<u>58,334</u>	<u>28,146</u>	<u>310,414</u>
	<u>50,068</u>	<u>151,502</u>	<u>62,917</u>	<u>168,953</u>	<u>28,146</u>	<u>461,586</u>

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

**7 Trustees' remuneration and expenses**

During the year, the Institute of Welsh Affairs refunded expenses incurred totalling £402 to Mr Geraint Talfan Davies, a trustee of the charity.

No trustee received any remuneration or benefits in the year ended 31st March 2013.

**8 Net expenditure**

Net expenditure is stated after charging:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Hire of plant and machinery - operating leases	4,179	5,066
Depreciation of owned assets	5,403	7,700
	<u>          </u>	<u>          </u>

**9 Employees' remuneration**

The average number of persons employed by the charity (including trustees) during the year was as follows:

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
Charitable activities	<u>          6</u>	<u>          6</u>

The aggregate payroll costs of these persons were as follows:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Wages and salaries	195,737	190,198
Social security	20,809	19,969
Other pension costs	15,518	16,841
	<u>232,064</u>	<u>227,008</u>

**10 Taxation**

The company is a registered charity and is, therefore, exempt from taxation.

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

..... continued

**11 Tangible fixed assets**

	<b>Website £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Computer Equipment £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>					
As at 1 April 2012 and 31 March 2013	<u>25,789</u>	<u>9,217</u>	<u>17,483</u>	<u>16,681</u>	<u>69,170</u>
<b>Depreciation</b>					
As at 1 April 2012	7,734	6,459	16,362	13,017	43,572
Charge for the year	<u>3,684</u>	<u>276</u>	<u>527</u>	<u>916</u>	<u>5,403</u>
As at 31 March 2013	<u>11,418</u>	<u>6,735</u>	<u>16,889</u>	<u>13,933</u>	<u>48,975</u>
<b>Net book value</b>					
As at 31 March 2013	<u><u>14,371</u></u>	<u><u>2,482</u></u>	<u><u>594</u></u>	<u><u>2,748</u></u>	<u><u>20,195</u></u>
As at 31 March 2012	<u><u>18,055</u></u>	<u><u>2,758</u></u>	<u><u>1,121</u></u>	<u><u>3,664</u></u>	<u><u>25,598</u></u>

**12 Debtors**

	<b>2013 £</b>	<b>2012 £</b>
Trade debtors	36,349	83,596
Prepayments and accrued income	<u>8,014</u>	<u>7,764</u>
	<u><u>44,363</u></u>	<u><u>91,360</u></u>

**13 Creditors: Amounts falling due within one year**

	<b>2013 £</b>	<b>2012 £</b>
Trade creditors	8,974	7,273
Taxation and social security	14,203	16,546
Accruals and deferred income	<u>45,442</u>	<u>56,700</u>
	<u><u>68,619</u></u>	<u><u>80,519</u></u>

## INSTITUTE OF WELSH AFFAIRS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

..... *continued*

#### **14 Members' liability**

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £nil towards the assets of the charity in the event of liquidation.

#### **15 Pension scheme**

##### **Defined contribution pension scheme**

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £15,518 (2012 - £16,841).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

#### **16 Related parties**

##### **Controlling entity**

The charity is controlled by the trustees who are all directors of the company.

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

..... *continued*

**17 Analysis of funds**

	<b>At 1 April 2012</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>At 31 March 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>General Funds</b>				
Unrestricted income fund	163,353	312,337	(356,178)	119,512
<b>Restricted Funds</b>				
Esmee Fairbairn Foundation	-	30,000	(30,000)	-
Arts Council of Wales	-	6,000	(6,000)	-
Forestry Commission Wales	-	16,280	(16,280)	-
Welsh Books Council	-	8,000	(8,000)	-
Federation of Small Businesses Wales	-	10,863	(10,863)	-
Western Power Distribution	-	2,000	(2,000)	-
Cardiff University	-	16,765	(16,765)	-
Cardiff University	-	5,000	(5,000)	-
Waterloo Foundation Grant	-	15,000	(5,000)	10,000
The Hmm Foundation	-	2,500	(2,500)	-
Wales Governance Centre	-	3,000	(3,000)	-
	-	115,408	(105,408)	10,000
	<u>163,353</u>	<u>427,745</u>	<u>(461,586)</u>	<u>129,512</u>

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

..... *continued*

Esmee Fairbairn Foundation - Grant towards the salary of the researcher.

Arts Council Wales - Grant towards the 2525 Vision Project undertaken during the year.

Forestry Commission Wales - Grant towards research and production of report on Woodlands in Wales

Welsh Books Council - Grant for English language magazine "Welsh AGenda"

Federation of Small Businesses Wales - Grant for research and dissemination of findings on the need for micro and non traditional finance for small and micro enterprises in Wales.

Western Power Distribution - Grant towards the Inspire Wales 2013 launch event.

Cardiff University - Grants towards the Changing Union project undertaken during the year.

Cardiff University - Grant towards the Carnegie Seeds of Change project undertaken during the year.

Waterloo Foundation - Grants towards the Food project undertaken during the year.

The Hmm Foundation - Grant towards the production for the IWA 2525 Vision publication.

Wales Governance Centre - Grant towards the Changing Union project undertaken during the year.

**18 Net assets by fund**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2013</b>	<b>Total Funds 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible assets	20,195	-	20,195	25,599
Current assets	167,936	10,000	177,936	218,274
Creditors: Amounts falling due within one year	(68,619)	-	(68,619)	(80,519)
Net assets	<u>119,512</u>	<u>10,000</u>	<u>129,512</u>	<u>163,354</u>