

Company registration number: 02151006  
Charity registration number: 1078435

**INSTITUTE OF WELSH AFFAIRS**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

Mitchell Meredith Limited  
Chartered Accountants  
The Orbit Centre  
Rhydycar Park  
Merthyr Tydfil  
CF48 1DL

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

|                                    |   |  |
|------------------------------------|---|--|
| <b>Charity name</b>                | Institute of Welsh Affairs  |  |
| <b>Charity registration number</b> | 1078435   |  |
| <b>Company registration number</b> | 02151006  |  |
| <b>Principal office</b>            | 56 James Street<br>Cardiff Bay<br>Cardiff<br>CF10 5EZ   |  |
| <b>Registered office</b>           | 56 James Street<br>Cardiff Bay<br>Cardiff<br>CF10 5EZ   |  |
| <b>Trustees</b>                    | Mrs F Beecher<br>Mr GW Edwards<br>Ms JM Foster<br>Mr NG Griffiths<br>Dr E Ap Gwilym<br>Mrs LM Harris<br>Mr GH Holtham<br>Mr RC Lewis<br>Professor LJ McAllister<br>Ms HC Molyneux<br>Professor KJ Morgan<br>Ms EM Piffaretti<br>Ms WJ Sadler<br>Mr DG Stevens | (Appointed 6 May 2015)<br>(Resigned 21 September 2014)<br>(Resigned 18 May 2015)<br><br><br>(Appointed 21 September 2014)<br><br><br><br><br><br><br><br><br><br><br><br>(Resigned 6 May 2014) |
| <b>Chief executive officer</b>     | Mr L Waters   |  |
| <b>Secretary</b>                   | Ms LS Knight  |  |
| <b>Accountant</b>                  | Mitchell Meredith Limited<br>The Orbit Centre<br>Rhydycar Park<br>Merthyr Tydfil<br>CF48 1DL  |  |

**INSTITUTE OF WELSH AFFAIRS**  
**CHAIRPERSON'S REPORT**

This year marked a turning point for the Institute of Welsh Affairs.

With the full involvement of members, trustees and staff members we agreed a new strategy for the think-tank. In the face of significant financial and resource pressures we crystallised our vision and mission, and agreed a sharper focus for the charity's activities.

Through our consultation with our members and the Open Space discussion at our AGM in December 2014, it was agreed that the IWA should focus on being a catalyst for change in four areas: the economy, education, health and governance.

To give expression to our new strategy we set up expert groups in each of our priority areas and immediately launched two significant projects - a major report on the Welsh economy, and an innovative and inclusive 'Crowd-sourced Constitutional Convention' on Wales' future direction.

Our economy report was driven by our expert group, chaired by the economist Gerald Holtham. Its searing analysis of Wales' economic performance pulled no punches, whilst setting out practical proposals for an ambitious stimulus package.

Our 'Crowd-sourced Constitutional Convention' was equally ambitious and was provoked by the lively debate which stirred Scotland in the run up to its independence referendum. Thanks to dozens of small donations from across Wales, and the support of the UK's Changing Union project, we were able to launch an eight-week experiment in deliberative democracy to run in parallel with discussions at Westminster to devolve further power to Scotland, England and Wales.

The conclusions of both exercises were strikingly similar - Wales has not made the most of devolution to date, and if we are to create a Wales in which everyone has a chance to flourish we must seize all the levers available to fulfill our potential.

We are now focusing on how we harness the ideas generated in both projects to develop practical proposals that each of the political parties can consider to improve the wellbeing of all the people who live in Wales.

Helen Molyneux, Chair, IWA.

## INSTITUTE OF WELSH AFFAIRS

### TRUSTEES' REPORT

The trustees present their report and the financial statements for the year ended 31st March 2015.

#### **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.

Helen Molyneux, entrepreneurial CEO of NewLaw became Chair of the IWA in March 2014, and is supported by the experienced trustees Gerald Holtham, Plaid Cymru chief economic adviser Eurfyl ap Gwilym, Sports Wales Chair Prof Laura McAllister, Blake Morgan Partner Eve Piffaretti, Treasurer Nigel Griffiths, Chief Operating Officer and co-founder of Admiral Insurance plc David Stevens, Roger Lewis, Group Chief Executive, Welsh Rugby Union, Dean of Engagement at Cardiff University Professor Kevin Morgan, Chief Executive of homeless charity Llamau Frances Beecher, who form the Board of the IWA.

Louise Harris, CEO of Big Learning Company joined as a trustee on 16th September 2014.

Trustees who have stood down from the Board this year are:

- Graham Edwards, CEO, Wales and West Utilities and ex-chairman CBI Wales
- Jo Foster, former special adviser to the Deputy Prime Minister

The Board have conducted a skills audit of the current trustees and have agreed to recruit fresh trustees in the next financial year.

#### **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.

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

**Risk Management**

The trustees identified that the IWA faced a number of significant income challenges and risks:

- Depletion of reserves.
- Dependence on a small number of Trusts for core funding.
- Pressure on sponsorship making reliance on events and awards ceremonies less profitable.

The trustees agreed a new strategy for the IWA which involves re-orientating our work programme away from events, and basing our case for support on supporting the charity's work in achieving change.

We are developing a fundraising strategy which involves increasing the amount of giving from our supporters and diversifying the range of trust and foundations we work with.

Over the next year the IWA will aim to:

- Better understand, grow and develop the membership base, resulting in increased long-term unrestricted income.
- Seek funding from a wide variety of Trusts whose objectives align with the strategic themes.
- Deliver fewer events that are more profitable.
- Continue to exercise strict control of overhead costs.

**Organisational Structure**

The board of trustees meets every 12 weeks and a small finance and general purposes committee meets beforehand. The directors oversee all the activities of the IWA.

**Our aims and objectives**

Our vision is to help create a Wales where everyone can flourish

Our mission is to act as a catalyst for change. We bring people together so that ideas can collide and solutions can be forged.

Our strategy is to do this through focusing on areas that will improve Wales' wellbeing over the next ten years:

- The economy
- Education
- Health
- Governance & the media

In each area we will draw upon evidence and experience to devise practical solutions, and work with policy makers from across the spectrum to achieve long-term change.

**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 and ideas on public policy into the public domain. We intend to bring together experts and practitioners 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**

In 2014-15 we continued the transition process we embarked upon the year before.

We were fortunate to secure funding to stabilise the charity from a number of long-standing supportive trusts and foundations, and in addition we engaged a professional fundraising consultant to identify new sources of funding.

Faced with a stressed business model the IWA board and management reviewed all our activities and measured their impact against our emerging new strategy. We scaled down our events programme and ceased our two awards schemes - Inspire Wales and the Western Mail Business Awards. As a result of this we recalibrated our staff team and reduced our costs considerably.

After extensive discussion at board level, and a sincere consultation with our members, the IWA decided to focus on achieving policy change in four policy areas. We decided to strip back our activities to focus on policy development and follow-through in health & social care, education, the economy and governance.

**Economy**

In the second of our prestigious IWA Senedd Papers series, produced in partnership with the Assembly's Presiding Officer, Dame Rosemary Butler, Gerry Holtham made the case for a broader approach to tax policy in Wales. In the paper, launched at the Assembly on 14th May, he stressed that rather than considering only the new taxes at its disposal, the Welsh Government should take an integrated view of all its tax powers and make radical changes to Council tax in Wales.

The need for new thinking on the economy was a central theme of the second in our IWA Debates series on 23rd October 2014. A distinguished panel discussed the need for a fresh approach to inward investment policy. James Medway of the New Economics Foundation and Professor Dave Adamson of CREW Regeneration debated with Professor Max Munday from the Welsh Economy Research Unit at Cardiff University and Chris Sutton, Chairman of the CBI in Wales whether it would be better to focus on a local economic development approach.

A key theme emerging for the IWA is the role of energy policy. On 15th October 2014 we held an Energy Summit, in partnership with Cynnal Cymru and the Commissioner for Sustainable Futures as part of the National Conversation on 'The Wales We Want', to debate how we meet Wales' energy supply, security needs and resilience by 2050. The event brought together the key figures in a conversation on what is the best option for Wales' energy future to inform a report by Peter Davies, the Commissioner for Sustainable Futures, to the First Minister's Energy Group.

The theme was developed by the IWA Economy Group, one of five expert groups we established as part of our new strategy, in its report *An Economic Strategy for Wales?*, which was launched at our annual economy conference on 23rd March 2015 at the Wales Millennium Centre. The report concluded that Wales has been a 'middling performer' since devolution, but the wealth gap with England can be closed if there is determined political leadership behind an ambitious and detailed delivery plan for growth. We recommended a bold £25 Billion programme for investment over the next 15 years, funded by public sector borrowing and private sector investment. It was debated at the conference by leading figures in the Welsh economic debate including Admiral CEO, Henry Engelhardt and Simon Gibson, Chief Executive, Wesley Clover Corporation.

We also partnered with the Department of International Politics at Aberystwyth University to host a lecture by the Secretary of State for Wales Stephen Crabb on 'Welsh Devolution and the Economy' on March 11th.

## INSTITUTE OF WELSH AFFAIRS

### TRUSTEES' REPORT

#### Education

The weakness of the economy impacts all policy areas, not least education. The IWA's annual Education Conference, on 9th April 2014, examined the link between poverty and lower educational achievement in Wales. Experts considered why a child living in poverty in Wales will perform over 30% poorer at age 14 than a child not in poverty. The Welsh Government's latest initiative to tackle the underperformance of 40 secondary schools across Wales was launched at the event with Prof Mel Ainscow giving the keynote presentation on the new Schools Challenge Cymru project.

The following day the IWA Debates series tackled the future of Higher Education funding in Wales in its inaugural event on the subject 'Is it time to lift the cap on tuition fees?'. Plaid Cymru's Education spokesman Simon Thomas and the NUS Wales President, Stephanie Lloyd spoke against fees and Prof Nick Barr from the LSE and Prof Teresa Rees argued for an approach which required graduates who benefited to make a contribution. The two-hour format, sponsored by Aberystwyth University, attracted some 80 influential delegates and was broadcast as a podcast and reported in our magazine, *the welsh agenda*.

#### Health & Social Care

The emergence of the concept of Prudent healthcare by the Health Minister Mark Drakeford is a significant development in Welsh health policy. The IWA held the first public conference to examine the idea on 12th June 2014. IWA CEO Lee Waters conducted a lengthy interview with the Health Minister Mark Drakeford on the subject in front of an audience of opinion formers which was also broadcast as a video and a podcast.

The IWA have been working on developing ideas flowing from the concept with its expert health group and spent much of the year scoping a project on cancer care and prudent healthcare for launch in the next financial year.

#### Governance

In the run-up to the Scottish independence referendum the IWA continued to examine the future shape of the UK and Wales' role within it.

In June the IWA hosted the First Minister, Carwyn Jones, for a dinner to discuss the next steps of Wales' devolution process, followed by a speech the next day by the Shadow Secretaries of State for Wales and Scotland on the implications for Wales of the Scottish debate.

Throughout the year the IWA played an active role within the UK Changing Union project in partnership with Cardiff University and Cymru Yfory. The project concluded at the end of 2014 and generated considerable output to inform the debate on the changing shape of the UK. In its final year the project produced a significant joint report with the Electoral Reform Society, *Size Matters*, on the democratic case for expanding the Assembly to a 100-member legislature.

The week before the Independence Referendum we gathered together key figures to discuss what the implications of the vote would be for Wales, and the First Minister's request for a UK wide Constitutional Convention. Plaid Cymru leader Leanne Wood, and Welsh Liberal Democrat leader Kirsty Williams, along with leading commentators, spoke at the packed conference in the Wales Millennium Centre. The former Editor of the Times, Simon Jenkins, asked of Wales "Why wait for Westminster to grant you a Constitutional Convention? Hold your own one; decide what you want, and ask for it – you never know, at this time, you might just get it".

The challenge was issued amid concern from many at the conference that Scotland and England were dominating the constitutional debate and Wales risked being forgotten. Having piloted a 'crowdsourced' approach to policy-making to shape the UK's Changing Union's submission to the Silk Commission on devolving policing and justice powers, the IWA decided to extend the approach to take up Simon Jenkins' challenge: what does Wales want?

## INSTITUTE OF WELSH AFFAIRS

### TRUSTEES' REPORT

The announcement by Welsh Secretary Stephen Crabb of closed cross party talks at Westminster to agree a package of additional powers for Wales following the Scottish result, reinforced the need for the engagement of civil society in the conversation about Wales' future.

We partnered with numerous civil society organisations to try and ensure wide engagement. These included: Electoral Reform Society Wales, Media Wales, The National Assembly for Wales Commission, TUC Wales, Community Housing Cymru, FSB Wales and NUS Wales. We had £7,000 grant funding from The UK's Changing Union Project and we raised a further £4,000 in small donations via crowdfunding. The project was modest in resource, but ambitious in scope and was quickly assembled to stimulate a debate about Wales' future that went beyond powers and reached beyond the political elites.

We drew widely on specialist expertise in deciding the themes and questions on which we would frame the discussion. We had cross cutting themes which we tried to run through each of the phases asking:

What has been our performance to date been?

What are the barriers to progress?

Do we have the capacity and calibre to do better? — Do we need more powers to rectify these problems? — How do we improve engagement and participation?

In mid-November we hosted a major speech by the Welsh Secretary Stephen Crabb on his vision for the future of devolution as he convened all-party talks to discuss how to respond to the Scottish result. As civil society was largely excluded from the talks our 'crowd sourced' constitutional convention filled a major gap in the debate and at our launch in January we held an Open Space style discussion to shape its direction. Our 'crowd sourced' Constitutional Convention engaged with around 12,000 people across Wales. The clear themes that emerged at the end of the two-month long convention were:

Performance is more important than powers in terms of education and the economy. Whilst there was support for the additional powers and accountability recommended by the Silk Commission, the debate around measures to improve the performance of the Welsh economy did not focus

On the devolution of further powers. Contributors typically called for better implementation of initiatives and more imaginative policy ideas but with the exception of energy powers, the ideas for improvement that were suggested could all be implemented within the current settlement.

The need to develop greater opportunities for 'green growth' and the opportunities for the exploitation of green energy were recurring themes.

Wales should explore different policies that could make Wales fairer. Our contributors felt that UK Government policies were often detrimental to Wales and not in keeping with the grain of public opinion, but felt that the complexities associated with devolving elements of welfare could also leave Wales disadvantaged. Despite this, there was a strong sense that policies such as the 'spare room subsidy' / 'bedroom tax' should be abolished in Wales and encouraged politicians to look at the scope to do this.

Policies around the UK and the union have been dealt with in an ad-hoc and reactive manner, and there has been little cohesive thought to address the role of the union as a whole. A good example of this is the devolution currently taking place in Manchester which will soon have an elected Mayor and control of a substantial amount of public spending, despite rejecting an elected Mayor at a referendum just three years ago. Our contributors repeatedly called for a UK-wide constitutional convention to address the future role of the Union.

## INSTITUTE OF WELSH AFFAIRS

### TRUSTEES' REPORT

Our work in the Governance strand has strayed beyond the constitution. An important work stream we've established after feedback from our member AGM was on the media. Our media policy group held the inaugural Cardiff Media Summit in December 2014. An event, held in partnership with BBC Wales, involved a lengthy discussion on the issues of the portrayal of Wales on screens within and beyond Wales with BBC Drama controller Ben Stephenson and media commentator Maggie Brown. Welsh Government Culture Minister Ken Skates issued a powerful call for these issues to be at the heart of the BBC Charter renewal debate and academics and practitioners debated the key challenges. As a result of the event the media policy group decided to revisit the IWA's 2008 Media Audit. The major refresh will survey the state of print, broadcast and online media in Wales and will be launched ahead of the second Cardiff Media Summit in November 2015.

The governance of Welsh public services was the subject of a major speech by Minister Leighton Andrews in January 2015, as part of our IWA Debate series with Aberystwyth University. The statement outlined the Welsh Government's emerging thinking on the future of local government and came a year after the independent commission on public service government and delivery – the Williams Commission. Report author Sir Paul Williams debate the speech with Veronica Hope Hailey, Dean of Bath University's School of Management, Prof Laura McAllister of Liverpool University (and Chair of Sports Wales) and leader of Cardiff Council Phil Bale.

In a practical effort to improve governance in Wales the IWA introduced two new training courses professionals in understanding and influencing government and politics in Wales. As well as helping to equip practitioners in Welsh civil society with the skills and knowledge to deal with the National Assembly and Welsh Government, the courses are providing a commercial income stream for the charity.

#### **Broader themes**

Before the new strategic focus on just four themes became settled the IWA continued to act as a platform for debate on a range of topical matters of interest to our members.

The final IWA Inspire Wales Awards Dinner took place in Cardiff's City Hall in May 2014. Over four years the awards had celebrated excellence and innovation across a broad range of aspects of Welsh life, as well as bringing the IWA to new audiences. However, the development of the St David's Awards by the Welsh Government, the pressure on sponsorship income and the sharper strategic focus being taken by the IWA led the board to conclude that awards dinners no longer fitted within the charity's portfolio of activities.

The challenge faced by the cultural sector in dealing with the twin pressures of austerity and reaching out to deprived communities was the subject of a very well attended debate - held in partnership with the Heritage Lottery Fund - at Cardiff's Temple of Peace on 7th May. Innovators in the sector offered provocations for an audience debate chaired by the IWA's Director on how the heritage and cultural sectors can work together with community groups.

At the IWA's annual Eisteddfod lecture academic and activist Dr Simon Brooks delivered a stimulating and challenge lecture, 'the rise of English nationalism – friend or foe' on the implications of a growing feeling of Englishness accompanying the growth of UKIP, concern about migration and in response to the Scottish independence debate.

An equally stimulating debate on the role of fascism in the rise of Welsh nationalism in the 1930s also occupied a week long series of exceptional essays on the Click on Wales website in September, culminating in an event where Prof Richard Wyn Jones, a political historian of Plaid Cymru thought, Spanish Civil War expert Prof Robert Stradling, Welsh / Jewish scholar Dr Jasmine Donahaye and former First Minister Rhodri Morgan debated the charges of extremism and their modern relevance.

The IWA's regional branches also produced a range of useful discussions throughout the year. In May the Gwent branch held a well-attended hustings for the European Parliamentary elections in Coleg Gwent in Crosskeys. In June the Cardigan Bay branch held an important discussion on the future of public transport in mid-Wales after the withdrawal of key bus services, and in February 2015 the North Wales branch discussed the role art therapy could play in promoting health and wellbeing.

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

**Engaging with members**

During 2014-15, we conducted a major consultation exercise as part of the development of our strategy and held an AGM using the Open Space facilitation method to allow our members to contribute to the direction of the organisation.

**Comment & analysis**

The future of our comment and analysis platforms was secured in January 2014 with a successful bid to the Welsh Books Council, that will help support our magazine *the Welsh agenda* and our comment and analysis site, *Click on Wales*, from 2015-16 until the 2019-20 financial year.

*Click on Wales* has underlined its status as one of the leading platforms for comment and analysis about Wales over the last year. The site saw 195,925 sessions over the financial year, with almost 90,000 individual users engaging on the site itself. This saw an average of over 16,000 sessions per month, with busier months topping 20,000. Pages on *Click on Wales* were viewed 376,885 times in the year.

Our magazine, *the Welsh agenda*, had a production run of 4,800 over the two issues produced in the financial year, distributed initially to members and for sale at over 30 bookstores across Wales, then at IWA events, making it one of the only magazines of its kind available across Wales featuring high quality writing and debate on Welsh political and cultural issues.

**Reserves Policy**

The Board prepare budgets and cashflow forecasts for the forthcoming financial year, and continually monitor the amount of reserves available.

The objective of the directors had historically been to build a level of free reserves equal to the averaged fixed commitments for the ensuing 12 months, amounting to approximately £200,000. As at the balance sheet date the organisation had free reserves of £74,741 (2014 - £25,251).

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 and signed on its behalf by:

.....  
Ms LS Knight  
Secretary

Date:.....

.....  
Ms HC Molyneux  
Trustee

Date:.....

## **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 2015, which are set out on pages 12 to 22.

**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 the Institute of Chartered Accountants in England and Wales.

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 FCCA ACA  
Mitchell Meredith Limited  
Chartered Accountants

The Orbit Centre  
Rhydycar Park  
Merthyr Tydfil  
CF48 1DL

Date:.....

**INSTITUTE OF WELSH AFFAIRS**  
**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE**  
**ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2015**

|   | Unrestricted<br>Funds | Restricted<br>funds  | Total Funds<br>2015  | Total Funds<br>2014   |
|---|-----------------------|----------------------|----------------------|-----------------------|
| Note  | £                     | £                    | £                    | £                     |
| <b>Incoming resources</b>                     |                       |                      |                      |                       |
| Incoming resources from generated funds       |                       |                      |                      |                       |
| Voluntary income                              | 2                     | 149,741              | 26,300               | 176,041               |
| Investment income                             | 4                     | 562                  | -                    | 562                   |
| Incoming resources from charitable activities |                       |                      |                      |                       |
| Other incoming resources                      | 5                     | 173,145              | 41,127               | 214,272               |
| Other incoming resources                      | 6                     | -                    | -                    | 6,198                 |
| Total incoming resources                      |                       | <u>323,448</u>       | <u>67,427</u>        | <u>390,875</u>        |
| <b>Resources expended</b>                     |                       |                      |                      |                       |
| Costs of generating funds                     |                       |                      |                      |                       |
| Costs of generating voluntary income          | 7                     | 34,019               | -                    | 34,019                |
| Charitable activities                         | 7                     | 222,480              | 29,576               | 252,056               |
| Governance costs                              | 7                     | 22,918               | -                    | 22,918                |
| Total resources expended                      |                       | <u>279,417</u>       | <u>29,576</u>        | <u>308,993</u>        |
| Net movements in funds                        |                       | 44,031               | 37,851               | (84,390)              |
| <b>Reconciliation of funds</b>                |                       |                      |                      |                       |
| Total funds brought forward                   |                       | <u>45,123</u>        | -                    | <u>45,123</u>         |
| Total funds carried forward                   |                       | <u><u>89,154</u></u> | <u><u>37,851</u></u> | <u><u>127,005</u></u> |

All incoming resources and resources expended derive from continuing activities.

The notes on pages 14 to 22 form an integral part of these financial statements.

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

**BALANCE SHEET AS AT 31 MARCH 2015**

|   |             | <b>2015</b>     |                       | <b>2014</b>      |                      |
|---|-------------|-----------------|-----------------------|------------------|----------------------|
|   | <b>Note</b> | <b>£</b>        | <b>£</b>              | <b>£</b>         | <b>£</b>             |
| <b>Fixed assets</b>                                   |             |                 |                       |                  |                      |
| Tangible assets                                       | 12          |                 | 14,413                |                  | 19,872               |
| <b>Current assets</b>                                 |             |                 |                       |                  |                      |
| Debtors   | 13          | 15,657          |                       | 52,016           |                      |
| Cash at bank and in hand                              |             | <u>126,402</u>  |                       | <u>95,653</u>    |                      |
|   |             | 142,059         |                       | 147,669          |                      |
| <b>Creditors: Amounts falling due within one year</b> |             |                 |                       |                  |                      |
|   | 14          | <u>(29,467)</u> |                       | <u>(122,418)</u> |                      |
| <b>Net current assets</b>                             |             |                 | <u>112,592</u>        |                  | <u>25,251</u>        |
| <b>Net assets</b>                                     |             |                 | <u><u>127,005</u></u> |                  | <u><u>45,123</u></u> |
| <b>The funds of the charity:</b>                      |             |                 |                       |                  |                      |
| <b>Restricted funds</b>                               |             |                 | 37,851                |                  | -                    |
| <b>Unrestricted funds</b>                             |             |                 |                       |                  |                      |
| Unrestricted income funds                             |             |                 | <u>89,154</u>         |                  | <u>45,123</u>        |
| <b>Total charity funds</b>                            |             |                 | <u><u>127,005</u></u> |                  | <u><u>45,123</u></u> |

For the financial year ended 31 March 2015, 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 ..... and signed on its behalf by:

.....

Ms LS Knight  
Secretary

.....

Ms HC Molyneux  
Trustee

The notes on pages 14 to 22 form an integral part of these financial statements.

## INSTITUTE OF WELSH AFFAIRS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

#### 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 18.

##### **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.

Income for memberships is recognised at the date it is received, net of VAT.

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.

Income is the amount derived from ordinary activities and is stated net of VAT.

##### **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 2015

..... *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.

#### **Fixed assets**

Individual fixed assets costing £500 or more are initially recorded at cost.

#### **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.

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

..... *continued*

**2 Voluntary income**

|                               | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total Funds<br/>2015<br/>£</b> | <b>Total Funds<br/>2014<br/>£</b> |
|-------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Donations and legacies</b> |                                     |                                   |                                   |                                   |
| Appeals and donations         | 10,021                              | -                                 | 10,021                            | 625                               |
| Gift Aid tax reclaimed        | 3,613                               | -                                 | 3,613                             | 1,047                             |
|                               | <u>13,634</u>                       | -                                 | <u>13,634</u>                     | <u>1,672</u>                      |
| <b>Grants</b>                 |                                     |                                   |                                   |                                   |
| Trusts and foundations        | 62,750                              | 26,300                            | 89,050                            | 85,000                            |
| <b>Members</b>                |                                     |                                   |                                   |                                   |
| Subscriptions                 | 73,357                              | -                                 | 73,357                            | 84,068                            |
|                               | <u>149,741</u>                      | <u>26,300</u>                     | <u>176,041</u>                    | <u>170,740</u>                    |

**3 Grants receivable**

|                                  | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total Funds<br/>2015<br/>£</b> | <b>Total Funds<br/>2014<br/>£</b> |
|----------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Esmee Fairbairn Foundation       | -                                   | 20,000                            | 20,000                            | 30,000                            |
| Joseph Rowntree Charitable Trust | 6,250                               | -                                 | 6,250                             | -                                 |
| Jobs Growth Wales                | -                                   | 6,300                             | 6,300                             | -                                 |
| Waterloo Foundation              | 56,500                              | -                                 | 56,500                            | 55,000                            |
|                                  | <u>62,750</u>                       | <u>26,300</u>                     | <u>89,050</u>                     | <u>85,000</u>                     |

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

..... *continued*

**4 Investment income**

|                           | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total Funds<br/>2015<br/>£</b> | <b>Total Funds<br/>2014<br/>£</b> |
|---------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Interest on cash deposits | 562                                 | -                                 | 562                               | 1,023                             |

**5 Incoming resources from charitable activities**

|                            | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total Funds<br/>2015<br/>£</b> | <b>Total Funds<br/>2014<br/>£</b> |
|----------------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Charitable activity</b> |                                     |                                   |                                   |                                   |
| Charitable activity        | 173,145                             | 41,127                            | 214,272                           | 204,737                           |

**6 Other incoming resources**

|                     | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total Funds<br/>2015<br/>£</b> | <b>Total Funds<br/>2014<br/>£</b> |
|---------------------|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Other income</b> |                                     |                                   |                                   |                                   |
| Seconded staff      | -                                   | -                                 | -                                 | 6,198                             |

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

..... *continued*

**7 Total resources expended**

|                              | <b>Members</b> | <b>Charitable<br/>activity</b> | <b>Governance</b> | <b>Total</b> |
|------------------------------|----------------|--------------------------------|-------------------|--------------|
|                              | <b>£</b>       | <b>£</b>                       | <b>£</b>          | <b>£</b>     |
| <b>Direct costs</b>          |                |                                |                   |              |
| Direct costs                 | -              | 75,912                         | -                 | 75,912       |
|                              | <hr/>          | <hr/>                          | <hr/>             | <hr/>        |
| <b>Support costs</b>         |                |                                |                   |              |
| Employment costs             | 28,561         | 147,565                        | 14,283            | 190,409      |
| Establishment costs          | 1,010          | 5,214                          | 504               | 6,728        |
| Office expenses              | 2,258          | 11,674                         | 1,130             | 15,062       |
| Travel and subsistence       | 355            | 1,833                          | 177               | 2,365        |
| Marketing                    | 302            | 1,559                          | 151               | 2,012        |
| Accountancy fees             | -              | -                              | 4,657             | 4,657        |
| Legal and professional costs | 500            | 2,583                          | 1,500             | 4,583        |
| Bad debt expense             | -              | 378                            | -                 | 378          |
| Bank charges                 | 214            | 1,107                          | 107               | 1,428        |
| Depreciation                 | 819            | 4,231                          | 409               | 5,459        |
|                              | <hr/>          | <hr/>                          | <hr/>             | <hr/>        |
|                              | 34,019         | 176,144                        | 22,918            | 233,081      |
|                              | <hr/>          | <hr/>                          | <hr/>             | <hr/>        |
|                              | 34,019         | 252,056                        | 22,918            | 308,993      |
|                              | <hr/> <hr/>    | <hr/> <hr/>                    | <hr/> <hr/>       | <hr/> <hr/>  |

**8 Trustees' remuneration and expenses**

During the year, the Institute of Welsh Affairs did not incur any expenses of behalf of the trustees.

No trustee received any remuneration or benefits in the year ended 31st March 2015.

**9 Net income/(expenditure)**

Net income/(expenditure) is stated after charging:

|  | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Hire of plant and machinery - operating leases     | 873         | 3,026       |
| (Profit)/loss on disposal of tangible fixed assets | -           | 2,250       |
| Depreciation of owned assets                       | 5,459       | 6,146       |
|  | <hr/>       | <hr/>       |
|  | <hr/> <hr/> | <hr/> <hr/> |

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

..... *continued*

**10 Employees' remuneration**

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

|                       | <b>2015<br/>No.</b> | <b>2014<br/>No.</b> |
|-----------------------|---------------------|---------------------|
| Charitable activities | <u>5</u>            | <u>6</u>            |

The aggregate payroll costs of these persons were as follows:

|                     | <b>2015<br/>£</b> | <b>2014<br/>£</b> |
|---------------------|-------------------|-------------------|
| Wages and salaries  | 170,188           | 213,157           |
| Social security     | 13,407            | 20,936            |
| Other pension costs | 6,144             | 17,813            |
|                     | <u>189,739</u>    | <u>251,906</u>    |

***Senior employees***

During the year, the number of senior employees who received emoluments falling within the following ranges was:

|                   | <b>2015<br/>No.</b> | <b>2014<br/>No.</b> |
|-------------------|---------------------|---------------------|
| £60,000 - £70,000 | <u>1</u>            | <u>1</u>            |

During the year, defined contribution pension contributions on behalf of these staff amounted to £5,974 (2014 - £5,800).

**11 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 2015**

..... continued

**12 Tangible fixed assets**

|  | <b>Website<br/>£</b> | <b>Fixtures &amp;<br/>Fittings<br/>£</b> | <b>Computer<br/>Equipment<br/>£</b> | <b>Office<br/>Equipment<br/>£</b> | <b>Total<br/>£</b>   |
|--|----------------------|--|-------------------------------------|-----------------------------------|----------------------|
| <b>Cost</b>                                |                      |  |                                     |                                   |                      |
| As at 1 April 2014<br>and 31 March<br>2015 | <u>25,789</u>        | <u>5,520</u>                             | <u>20,268</u>                       | <u>16,681</u>                     | <u>68,258</u>        |
| <b>Depreciation</b>                        |                      |  |                                     |                                   |                      |
| As at 1 April 2014                         | 15,103               | 552                                      | 18,112                              | 14,619                            | 48,386               |
| Charge for the<br>year                     | <u>3,684</u>         | <u>497</u>                               | <u>763</u>                          | <u>515</u>                        | <u>5,459</u>         |
| As at 31 March<br>2015                     | <u>18,787</u>        | <u>1,049</u>                             | <u>18,875</u>                       | <u>15,134</u>                     | <u>53,845</u>        |
| <b>Net book value</b>                      |                      |  |                                     |                                   |                      |
| As at 31 March<br>2015                     | <u><u>7,002</u></u>  | <u><u>4,471</u></u>                      | <u><u>1,393</u></u>                 | <u><u>1,547</u></u>               | <u><u>14,413</u></u> |
| As at 31 March<br>2014                     | <u><u>10,686</u></u> | <u><u>4,968</u></u>                      | <u><u>2,156</u></u>                 | <u><u>2,062</u></u>               | <u><u>19,872</u></u> |

**13 Debtors**

|                                | <b>2015<br/>£</b>    | <b>2014<br/>£</b>    |
|--------------------------------|----------------------|----------------------|
| Trade debtors                  | 13,451               | 50,966               |
| Other debtors                  | 763                  | -                    |
| Prepayments and accrued income | <u>1,443</u>         | <u>1,050</u>         |
|                                | <u><u>15,657</u></u> | <u><u>52,016</u></u> |

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

|                              | <b>2015<br/>£</b>    | <b>2014<br/>£</b>     |
|------------------------------|----------------------|-----------------------|
| Trade creditors              | 10,552               | 29,424                |
| Taxation and social security | 4,389                | 17,594                |
| Other creditors              | 675                  | 6,430                 |
| Accruals and Advance Income  | <u>13,851</u>        | <u>68,970</u>         |
|                              | <u><u>29,467</u></u> | <u><u>122,418</u></u> |

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

..... *continued*

**15 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 £1 towards the assets of the charity in the event of liquidation.

**16 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 £6,144 (2014 - £17,813).

Contributions totalling £675 (2014 - £6,430) were payable to the scheme at the end of the period and are included in creditors.

**17 Related parties**

**Controlling entity**

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

**18 Analysis of funds**

|                            | <b>At 1 April<br/>2014</b> | <b>Incoming<br/>resources</b> | <b>Resources<br/>expended</b> | <b>At 31<br/>March 2015</b> |
|----------------------------|----------------------------|-------------------------------|-------------------------------|-----------------------------|
|                            | <b>£</b>                   | <b>£</b>                      | <b>£</b>                      | <b>£</b>                    |
| <b>General Funds</b>       |                            |                               |                               |                             |
| Unrestricted income fund   | 45,123                     | 323,448                       | (279,417)                     | 89,154                      |
| <b>Restricted funds</b>    |                            |                               |                               |                             |
| Esmee Fairbairn Foundation | -                          | 20,000                        | (8,400)                       | 11,600                      |
| Welsh Books Council        | -                          | 8,000                         | (8,000)                       | -                           |
| Jane Hodge Foundation      | -                          | 22,000                        | -                             | 22,000                      |
| Indiegogo Crowd Funding    | -                          | 3,627                         | (2,176)                       | 1,451                       |
| Wales Governance Centre    | -                          | 7,500                         | (4,700)                       | 2,800                       |
| Jobs Growth Wales          | -                          | 6,300                         | (6,300)                       | -                           |
|                            | <u>-</u>                   | <u>67,427</u>                 | <u>(29,576)</u>               | <u>37,851</u>               |
|                            | <u>45,123</u>              | <u>390,875</u>                | <u>(308,993)</u>              | <u>127,005</u>              |

**INSTITUTE OF WELSH AFFAIRS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

..... *continued*

Unrestricted funds includes grants received by the Institute of Welsh Affairs during the year from the Waterloo Foundation and the Joseph Rowntree Charitable Trust towards the running costs of the Institute of Welsh Affairs.

Esmee Fairbairn Foundation - Grant towards the salary of a key member of staff for 12 months.

Welsh Books Council - Welsh Books Council grant towards the English language magazine "Welsh Agenda"

Jane Hodge Foundation - Grant provided towards Tenovus Cancer research paper. Project due to be completed within the 2015/16 financial year.

Indiegogo Crowd Funding - Crowd funding was raised specifically for the Constitutional Convention project undertaken during the year by the Institute of Welsh Affairs.

Wales Governance Centre, Cardiff University - A grant towards the Constitutional Convention research project undertaken during the year, and to the costs of the launch event.

Jobs Growth Wales - Jobs Growth Wales funding provided towards the salary of a graduate employed by the Institute of Welsh Affairs within the year.

**19 Net assets by fund**

|   | <b>Unrestricted<br/>Funds</b> | <b>Restricted<br/>funds</b> | <b>Total Funds<br/>2015</b> | <b>Total Funds<br/>2014</b> |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <b>£</b>                      | <b>£</b>                    | <b>£</b>                    | <b>£</b>                    |
| Tangible assets                                   | 14,413                        | -                           | 14,413                      | 19,872                      |
| Current assets                                    | 116,503                       | 37,851                      | 142,059                     | 147,669                     |
| Creditors: Amounts falling due<br>within one year | (41,762)                      | -                           | (29,467)                    | (122,418)                   |
| Net assets  | 89,154                        | 37,851                      | 127,005                     | 45,123                      |