

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

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2012
FOR
INSTITUTE OF WELSH AFFAIRS**

INSTITUTE OF WELSH AFFAIRS

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FOR THE YEAR ENDED 31 MARCH 2012**

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INSTITUTE OF WELSH AFFAIRS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2012

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

02151006 (England and Wales)

Registered Charity number

1078435

Registered office

2nd Floor
4 Cathedral Road
Cardiff
CF11 9LJ

Trustees

Eurfyl Ap Gwilym
David Guy Clarke
Rhys Alun David
Geraint Talfan Davies - *Chairman*
Peter Davies
Nigel Griffiths
Gerald Holtham
Robert Owen Humphreys
Merfyn Jones
Ruth Selina Marks
Laura Jean McAllister
Chris O'Malley
Wendy Jane Sadler
John Vivian Tucker
Paul Harold Valerio
Adrian Leonard Webb
Ruth Williams
Megan Mathias

Company Secretary

Kirsty Anne Myfanwy Davies

Independent Examiner

Mitchell Meredith Limited
34 High Street
Brecon
Powys
LD3 7AN

Bankers

Bank of Scotland Plc
One Kingsway
CARDIFF
CF10 3PW

Chief Executive

John Osmond

Deputy Chief Executive

Kirsty Anne Myfanwy Davies

INSTITUTE OF WELSH AFFAIRS
REPORT OF THE CHAIRMAN
FOR THE YEAR ENDED 31 MARCH 2012

The report of our Trustees in the following pages emphasises just how productive the IWA has been in the last year, in particular in the fields of the economy, education, the environment and media policy. Our National Economy Conference and National Business Awards are now becoming recognised fixtures in the calendar, as are the IWA Inspire Wales Awards. These three events have done much to raise the Institute's profile beyond a core audience. They have also enabled us to increase the number of corporate members of the IWA during the year – no mean feat in the middle of this prolonged recession.

Since the end of 2011-12 we have been delighted to hear the positive decision on rail electrification across most of south Wales, and to read a well-argued case for the development of a Cardiff city region from the Welsh Government's task force on the issue. These are two themes that have engaged us in recent years, and we are glad to have been able to push these ideas through publications and conferences. In the next year we will be developing ideas and planning publications and events on similar themes in north Wales.

In the final quarter of 2011-12 we launched, with our partners – the Wales Governance Centre at Cardiff University and Tomorrow's Wales/Cymru Yfory – a major project on the future of the United Kingdom. This is one of the largest research projects that we have undertaken, involving not only an examination of the constitutional settlement in Wales but also a wider look at the nature and organisation of the union, issues that have for too long avoided any holistic appraisal. The referendum scheduled for 2014 on Scottish independence underlines the importance of our work. The project will involve the creation of a forum that will meet at least twice a year to debate these issues, drawing in experts from all parts of the UK. The financial support of both the Joseph Rowntree Charitable Trust and the Nuffield Foundation – for which we are extremely grateful – is an indication of the strength and urgency of the project.

In last year's report I referred to the fact that we were about to instigate a strategic review of our activity and organisation. By now this is well in hand and will come to fruition in the autumn of 2012. The foundation of the review has been extensive research among our members, and via focus groups and interviews with opinion leaders. I am glad to say that the response to our work has been overwhelmingly positive, with most people seeing an increasing need in Wales for this independent source of opinion, analysis and ideas. However, we have also been urged to be even bolder in our thinking, to give more attention to following through on ideas to ensure they are adopted in some form, and to devote more time to the development of our branch network across Wales. These are all issues that we will need to address as we chart a future for the IWA over the next decade.

In recent years we have sought, I think successfully, to sustain daily analysis through our [clickonwales](http://clickonwales.com) website and to further improve our journal, *Agenda*. One indication of the success of this policy is that we have, for the first time, been awarded a grant of £8,000 from the Welsh Books Council to support the cultural content of *Agenda*. We are grateful to the Council for this grant, one of the consequences of which is that *Agenda* will undergo a slight adjustment of its name – to *The Welsh Agenda* – and will be on sale in shops across Wales. With this support we are hopeful that we can increase the journal's circulation substantially.

Nevertheless the continuing economic gloom means that the IWA, like many voluntary organisations is facing some tough challenges. We have reduced the deficit level recorded last year, but we have not yet eliminated it. We expect to be back in surplus in 2012-13.

The IWA survives through the support of its members, and I am grateful to each and everyone of them. But we have also been very fortunate in recent years to have the generous support of the Waterloo Foundation. I thank them for that and for their keen interest in our work. The IWA is also deeply grateful for the support of the Joseph Rowntree Charitable Trust, the Esmee Fairbairn Foundation and the Nuffield Foundation.

This year we said farewell to two Board members, Rob Humphreys and Sue Essex, both of whom have been appointed to the Silk Commission examining the constitutional settlement in Wales. They have both been a source of instinctive understanding and wise counsel that we will greatly miss.

INSTITUTE OF WELSH AFFAIRS
REPORT OF THE CHAIRMAN
FOR THE YEAR ENDED 31 MARCH 2012

Lastly, my profound thanks goes to our Trustees and particularly to our staff who have all contributed mightily to our output in the last year – to sustaining our membership levels, to our largest ever programme of events, and to a programme of publications of ever improving quality. Led by our Chief Executive John Osmond, and with the support of Deputy Chief Executive Kirsty Davies, Research Officer Dr. Stevie Upton, Events organiser Emma Brennan, Finance and IT officer Helen Sims-Coomber, and Editorial Assistant, Jonathan Brooks-Jones, they work miracles.

Geraint Talfan Davies, *Chairman*

10th October 2012

INSTITUTE OF WELSH AFFAIRS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

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

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

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

Recruitment and appointment of new trustees

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

Induction and training of new trustees

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

Organisational structure

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

Related parties

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

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

None of the above organisations are deemed to be related parties

INSTITUTE OF WELSH AFFAIRS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The directors, who are also trustees of the IWA, conducted a review of the major risks to which the charity is exposed in 2005. 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 research remit as broad as possible.
- maintaining flexibility and diversity in its activities.
- engaging in collaborative ventures with academic organisations and other bodies in Wales and beyond, thus broadening its funding opportunities.
- increasing its individual and corporate membership through active marketing.
- offering a wider range of networking opportunities to the business and professional community.
- exercising strict control of overhead costs.

Public Benefit

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

OBJECTIVES AND ACTIVITIES

Objectives and aims

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

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

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

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

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

FINANCIAL REVIEW

Reserves policy

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

The objective of the directors is to build a level of reserves equal to the averaged fixed commitments for the ensuing 12 months, amounting to approximately £200,000. The level of unrestricted reserves at 31 March 2012 was £163,355.

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

INSTITUTE OF WELSH AFFAIRS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL REVIEW

Investment policy and objectives

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

ACTIVITIES

The Economy

Productivity growth in the UK economy generally may be sluggish but the IWA is certainly bucking the trend. Our small team in Cardiff were responsible in fiscal year 2011-12 for no less than 36 conferences and other events, eight research projects and other publications – equivalent to an output in one form or another for almost every week of the year.

Given the economic difficulties facing not just Wales but Europe and much of the rest of the world, there was considerable emphasis in the IWA's work programme on economic issues. Early in the year under review the IWA partnered with the Honourable Society of Cymmrodorion for a presentation by board member Dr. Eurfyl ap Gwilym on the funding of the Welsh public sector in the wider context of the UK economy as a whole, *Wales' Fiscal Future*. Another joint event, *Wales: a Co-operative Nation*, with the Co-operative Group, explored how Wales could tackle issues such as global poverty, climate change and inspiring young people.

Both these events and others described later illustrate the growing role that the IWA is playing as a partner with other Welsh organisations keen to hold joint events in order to draw on the institute's strong record as a conference organiser and its wide-ranging individual and corporate membership. Such events have become an increasingly important source of revenue for the IWA and, as well as extending the topics that can be covered for the benefit of members, are a heartening recognition of the central role the institute now plays in Welsh life.

The centrepiece of the IWA's economic programme in the year under review was, however, the third Welsh National Economy Conference, this year entitled *Getting Wales Moving*. Infrastructure development, now recognised as a key UK priority, was one of the main themes of the conference, speakers at which included biotechnology entrepreneur Sir Chris Evans, economist and board member, Professor Gerald Holtham, former Welsh Development Agency chairman, Lord Rowe-Beddoe and Swansea University vice chancellor, Professor Richard Davies.

Another key highlight was the presentation in front of a packed house at the Coal Exchange in Cardiff in November of the first *IWA/Western Mail Business Awards* celebrating successful performance in Welsh business. GE Aviation, the Nantgarw-based maintenance subsidiary of the world's biggest aircraft engine manufacturer, won the main prize for best big company, with other category winners from strong fields also demonstrating that Wales can make it in more ways than one. Branch economic events during the year included *Rebirth of a Steel Town – Regeneration of The Works at Ebbw Vale*, an overview of the developments at the town's former steelworks. These include a learning campus, developments in sustainable technology, housing, office and retail developments and a new hospital.

Another joint event, *Getting Ahead Together*, with Cardiff University and Cardiff & Co, the city's promotional arm, addressed the challenges facing the capital and neighbouring local authorities and the prospects for developing a wider city region approach as a means of competing successfully with other European metropolitan areas. The IWA has played a leading part in discussions on this theme over recent years and has been an important advocate of railway electrification, a policy the Government in Westminster has now adopted not just for the Great Western line to Cardiff but for Swansea and the Valley lines out of Cardiff as well. The event followed our publication, jointly with the Cardiff Business Partnership, of a report by Mark Barry, *Forging a new Connection – Cardiff and the Valleys*.

Another seminar organised on behalf of Equality and Human Rights Commission Wales - *Increasing Employment Rates in Wales: the Private Sector Perspective* - also led to a report, edited like the Cardiff and Valleys publication by the IWA's research officer, Dr. Stevie Upton. This detailed the principal barriers to increasing employment rates in Wales, especially among older and disabled people.

Plans to redevelop Newport's city centre and to reverse the decline of recent years were looked at in *Newport's 20/20 Vision*, a Gwent branch conference which was told of new proposals for retail, cultural and environmental renewal.

INSTITUTE OF WELSH AFFAIRS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2012

On a separate Valleys theme, the IWA undertook - on behalf of the Coalfields Regeneration Trust - an evaluation of the trust's track record and future options, leading to a publication and a series of seminars in coalfield areas. Interviews and survey based research was carried out to assess perceptions of the effectiveness of the Trust's grant schemes Trust among grant recipients and regeneration professionals.

A wider conference held at Cardiff's City Hall, *Regeneration through Recession*, organised jointly with the Welsh Government and the Western Mail tackled the issue of how the quality of life in Wales might be improved during an extended period of low growth, such as the economies of Western Europe now seem destined to suffer for some time ahead.

Political and Constitutional

The year 2011 was, of course, an election year in Wales – the fourth to the National Assembly since its inception in 1999. In keeping with past practice, the IWA again made sure Wales was not without hustings where members of the public could question candidates for election. The Cardiff and Valleys branch hosted a free event at the University of Glamorgan at which representatives of the four main political parties outlined their views. The year's Eisteddfod lecture in Wrexham, delivered by Liberal Democrat AM, Aled R. Roberts, also had a political theme: *Border Politics in North East Wales*.

Also in north Wales members had the chance to enjoy an evening with former Assembly presiding officer, Plaid Cymru AM and former party leader, Lord Dafydd Elis Thomas. In South Wales a Cardiff and Valleys branch event, *Law and Order: the next Five Years* explored the impact of budget cuts on the police as well as looking at what impact elected police commissioners may have on policing in Wales.

During the year IWA Chief Executive, John Osmond, added to the list of publications he has now produced discussing and dissecting Welsh political and constitutional issues with his new work, *Accelerating History – Referendums in Wales and the Future of Devolution*. The publication, which was launched at an event in Llandudno, advances the theory that Welsh referendums rather than being neutral assessments of opinion have stimulated support for the devolution process.

The IWA's main involvement in constitutional research in the year under review, however, is a partnership in a three-year project with the Wales Governance Centre and Cymru Yfory entitled *Wales and the Changing Union*. With the forthcoming 2014 referendum on Scottish independence as a backdrop, the project is setting out to bridge the rather separate debates on constitutional issues on Scotland, Wales, Northern Ireland and in England. It will examine the possible consequences of Scottish secession from the union, as well as options for reforming the union. It will also respond to the remit of the Silk Commission established by the UK Government to examine the constitutional settlement in Wales. A conference held to launch the new project in Cardiff examined how the geographical, political and media barriers that typically constrain debates over constitutional relationships can be overcome.

Education

Crucial to Wales's economic success is of course its educational system and the country's less than satisfactory performance in the international PISA rankings. These provide a benchmark for measuring our standards against other countries, and have exercised the IWA for some time. *School Leadership, Transition and Innovation at Key Stage 3*, a conference held at WJEC headquarters in Cardiff in April last year, focused on an IWA study, *Making a Difference at Key Stage 3*, undertaken by our Research Officer, Dr Stevie Upton.

This examined five schools that had a successful record in preventing the fall away in attitudes and results that often happens as children, and particularly boys, advance into their teenage years. This was followed later in the year by an address by education minister, Leighton Andrews AM, on *Improving School Standards*. A related conference, *Enhancing Vocational Education for 14 -16 Year Olds*, arising out of the Key Stage 3 findings was held in February this year with an accompanying IWA report.

One of the issues the IWA tackled several years ago in articles in its journal, *Agenda*, and through conference presentations was the need for Wales to have its own chief scientific adviser who could help to shape the direction of Welsh Government science policy. It was encouraging, therefore, to be able to host during the year a lecture in Swansea addressed by the newly appointed holder of just such a post, *Professor John Harries*, who described the input he was now hoping to make into Welsh science policy.

INSTITUTE OF WELSH AFFAIRS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2012

Arts, Culture and Broadcasting

The continuing difficulties being faced by virtually all the mass media in Wales as a result of technological, commercial and other pressures were again a significant focus of IWA activity. The annual Eisteddfod debate in August was on *The Crisis in Welsh Broadcasting*, and was followed two months later by a conference on *Broadcasting in Wales: an agenda for the coming decade*, addressed by leading figures from within the industry in Wales. The IWA also formed a Media Policy Group that has submitted responses to public consultations on media issues by national Assembly committees, the DCMS and the BBC Trust.

Culture in its broadest form was also well represented during the year, with the Swansea branch holding a series of talks and interactive events focusing on the practice of local history research *Local History Live!*, and hosting a book signing of John Ashley's *Walks around Swansea and Gower*. Another joint lecture with the Cymmrodorion in Cardiff considered the life of Welsh co-operative pioneer and reformer, Robert Owen, and a Welsh Government sponsored event, *Live Music in Wales*, outlined the findings of a research project on this theme.

Environment

Environmental issues affecting Wales were also covered extensively during the year. In advance of new legislation planned for 2013-14 to make sustainable development the 'central organising principle' for the Welsh Government, the IWA published - in association with WWF Cymru and Cynnal Cymru/Sustain Wales - *Wales' Central Organising Principle – Legislating for sustainable Development*. This sought to explain why legislation to embed sustainable development as a central organising principle of government needs to be more than a paper exercise.

Another conference organised with the support of the Welsh Government, and entitled *Re-thinking Environmental Management in Wales*, examined the case for a more joined up approach to environmental management by merging three agencies – the Environment Agency, the Countryside Council for Wales and Forestry Commission Wales. The aim would be to produce a more integrated system, administratively simple and cost-effective but fully protective of environmental assets.

Social Issues

Health and social issues played a lesser part in the IWA's overall programme than in some recent years but there were important conferences on *Wales's Obesity Epidemic* and, in association with the Independent Commission on Youth Crime and Anti-social Behaviour, on the case for devolution of youth justice to Wales, *Children First, Offenders Second*. Research co-funded by the IWA and Chwarae Teg looked into another important issue, *Work-Life Balance for Men in Wales*. This examined the use of flexible working practices by men in Welsh SMEs for the purpose of caring for family members. The project was based on interviews conducted in SMEs across Wales representing a range of sectors.

The work being carried out across Welsh society by committed individuals often for little or no reward but motivated purely by a desire to improve life for people in their own communities was recognised in the third IWA Inspire Wales Awards, in association with the WesternMail, and most successful to date. Entries this year were the highest in the three-year history of the awards and a record audience of nearly 400 people attended the awards ceremony in Cardiff's City Hall.

Coffee Shop Debates

The IWA's innovative new approach to involving a broader section of the community in debates on contemporary issues continued to generate interesting conversations, usually in Chapter Arts Centre but on one occasion in the Wales Millennium Centre. *Being Sane in Insane Places* argued that compassion and empathy were key components in the treatment of mental illness; *Design-for-All Music Performance*, which looked at ways of making music more accessible to children with a special needs, offered the opportunity to examine an instrument developed with Glamorgan University students that uses infra-red beams to activate sounds; *Unsolved Mysteries of Wales* looked at haunted locations in Wales; and the provocatively titled *Does Rioting Make you Happy?* examined ways to improve community well-being.

INSTITUTE OF WELSH AFFAIRS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2012

H'mm Foundation

Attendees at a number of the IWA's conferences and other events during the year were intrigued by another new development – a time-slot set aside for the reading by Welsh poets of some of their works. The IWA has been pleased to back this initiative by one of its strongest supporters, Welsh entrepreneur, Ali Anwar, managing director of Cadcentre UK. It is hoped businesses and other organisations up and down Wales will be joining the IWA in hosting poets on their premises for a small fee, opening up access to poetry to new audiences and providing Wales's talented poets with an unconventional new outlet for their work.

ON BEHALF OF THE BOARD:

Kirsty Anne Myfanwy Davies - Secretary

10th October 2012

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

I report on the accounts for the year ended 31 March 2012 set out on pages eight to seventeen.

Respective responsibilities of trustees and examiner

The charity's trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under Section 43(2) of the Charities Act 1993 (the 1993 Act)) and that an independent examination is required. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of Chartered Accountant.

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

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

Basis of the independent examiner's report

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

Independent examiner's statement

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

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
 - to keep accounting records in accordance with Section 386 and 387 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of Sections 394 and 395 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by 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.

Marian Barnes FCCA
Chartered Accountant
Mitchell Meredith Limited
34 High Street
Brecon
Powys
LD3 7AN

10th October 2012

INSTITUTE OF WELSH AFFAIRS

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	166,664	30,000	196,664	173,225
Investment income	3	2,672	-	2,672	1,650
Incoming resources from charitable activities					
Publications	4	2,852	2,000	4,852	5,024
Conferences		175,655	3,000	178,655	134,247
Research		35,771	-	35,771	64,450
Total incoming resources		383,614	35,000	418,614	378,596
 RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	5	82,006	7,653	89,659	85,345
Charitable activities					
Publications	6	26,227	5,828	32,055	34,511
Conferences		182,746	10,470	193,216	158,537
Research		93,867	10,383	104,250	112,072
Governance costs	8	17,925	666	18,591	13,367
Total resources expended		402,771	35,000	437,771	403,832
 NET INCOMING/(OUTGOING) RESOURCES					
		(19,157)	-	(19,157)	(25,236)
 RECONCILIATION OF FUNDS					
Total funds brought forward		182,512	-	182,512	207,748
TOTAL FUNDS CARRIED FORWARD		<u>163,355</u>	<u>-</u>	<u>163,355</u>	<u>182,512</u>

INSTITUTE OF WELSH AFFAIRS

**BALANCE SHEET
AT 31 MARCH 2012**

	Notes	Unrestricted funds £	Restricted funds £	2012 Total funds £	2011 Total funds £
FIXED ASSETS					
Tangible assets	12	25,598	-	25,598	26,652
CURRENT ASSETS					
Debtors: amounts falling due within one year	13	91,360	-	91,360	32,833
Cash at bank		<u>126,915</u>	<u>-</u>	<u>126,915</u>	<u>193,781</u>
		218,275	-	218,275	226,614
CREDITORS					
Amounts falling due within one year	14	<u>(80,518)</u>	<u>-</u>	<u>(80,518)</u>	<u>(70,754)</u>
NET CURRENT ASSETS		<u>137,757</u>	<u>-</u>	<u>137,757</u>	<u>155,860</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>163,355</u>	<u>-</u>	<u>163,355</u>	<u>182,512</u>
NET ASSETS		<u>163,355</u>	<u>-</u>	<u>163,355</u>	<u>182,512</u>
FUNDS					
Unrestricted funds	16			163,355	182,512
Restricted funds				<u>-</u>	<u>-</u>
TOTAL FUNDS				<u>163,355</u>	<u>182,512</u>

INSTITUTE OF WELSH AFFAIRS

**BALANCE SHEET - CONTINUED
AT 31 MARCH 2012**

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2012.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2012 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

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

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

The financial statements were approved by the Board of Trustees on and were signed on its behalf by:

.....
Geraint Talfan Davies Chairman-Trustee

INSTITUTE OF WELSH AFFAIRS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

Accounting convention

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

Incoming resources

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

Resources expended

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

Allocation and apportionment of costs

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

Tangible fixed assets

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

Improvements to property	- Straight line over 7 years
Office Equipment	- 25% on reducing balance
Fixtures and fittings	- 10% on reducing balance
Computer equipment	- 25% on cost

Taxation

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

Fund accounting

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

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

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

Foreign currencies

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

INSTITUTE OF WELSH AFFAIRS

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES – continued

Unrestricted Funds

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

Restricted Funds

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

2. VOLUNTARY INCOME

	2012	2011
	£	£
Donations	499	310
Gift aid	14,761	1,756
Grants	92,500	92,500
Membership subscriptions and donations	<u>88,904</u>	<u>78,659</u>
	<u>196,664</u>	<u>173,225</u>

Grants received, included in the above, are as follows:

	2012	2011
	£	£
The Joseph Rowntree Charitable Trust	12,500	17,500
Esmee Fairburn Foundation	30,000	25,000
The Waterloo Foundation	<u>50,000</u>	<u>50,000</u>
	<u>92,500</u>	<u>92,500</u>

3. INVESTMENT INCOME

	2012	2011
	£	£
Deposit account interest	<u>2,672</u>	<u>1,650</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	2012	2011
		£	£
Activities to further the charity's objects	Publications	4,852	5,024
Activities to further the charity's objects	Conferences	178,655	134,247
Activities to further the charity's objects	Research	<u>35,771</u>	<u>64,450</u>
		<u>219,278</u>	<u>203,721</u>

INSTITUTE OF WELSH AFFAIRS

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2012**

5. COSTS OF GENERATING VOLUNTARY INCOME

	2012	2011
	£	£
Direct project costs	19,007	16,067
Support costs	<u>70,652</u>	<u>69,278</u>
	<u>89,659</u>	<u>85,345</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 7)	Totals
	£	£	£
Publications	1,583	30,472	32,055
Conferences	117,359	75,857	193,216
Research	<u>1,452</u>	<u>102,798</u>	<u>104,250</u>
	<u>120,394</u>	<u>209,127</u>	<u>329,521</u>

7. SUPPORT COSTS

	Office and Sundry Costs	Staff Costs	Depreciation	Bank Charges	Totals
	£	£	£	£	£
Costs of generating voluntary income	10,951	58,003	1,457	241	70,652
Governance costs	8,251	5,047	1,097	546	14,941
Publications	1,076	29,013	143	240	30,472
Conferences	16,559	56,616	2,202	480	75,857
Research	<u>21,063</u>	<u>78,694</u>	<u>2,801</u>	<u>240</u>	<u>102,798</u>
	<u>57,900</u>	<u>227,373</u>	<u>7,700</u>	<u>1,747</u>	<u>294,720</u>

Activity	Basis of allocation
Premises	Staff time
Office and Sundry Costs	Staff time
Staff Costs	Staff time
Depreciation	Staff time
Bank Charges	Transactions

8. GOVERNANCE COSTS

	2012	2011
	£	£
ISO Quality Assurance	540	540
Auditors' remuneration for non-audit work	3,110	5,340
Support costs	<u>14,941</u>	<u>7,487</u>
	<u>18,591</u>	<u>13,367</u>

INSTITUTE OF WELSH AFFAIRS

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2012**

9. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2012	2011
	£	£
Depreciation - owned assets	7,700	5,510
Hire of plant and machinery	<u>5,066</u>	<u>2,662</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2012 nor for the year ended 31 March 2011.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 March 2012 nor for the year ended 31 March 2011.

11. STAFF COSTS

	2012	2011
	£	£
Wages and salaries	190,198	191,368
Social security costs	19,969	19,835
Other pension costs	<u>16,841</u>	<u>9,558</u>
	<u>227,008</u>	<u>220,761</u>

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

	2012	2011
Trustees (during the year)	18	19
Chief Executive	1	1
Full Time Staff	<u>6</u>	<u>6</u>
	<u>25</u>	<u>26</u>

INSTITUTE OF WELSH AFFAIRS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2012

12. TANGIBLE FIXED ASSETS

	Website Development £	Office Equipment £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 April 2011	21,949	14,141	9,217	17,216	62,523
Additions	<u>3,840</u>	<u>2,540</u>	-	<u>266</u>	<u>6,646</u>
At 31 March 2012	<u>25,789</u>	<u>16,681</u>	<u>9,217</u>	<u>17,482</u>	<u>69,169</u>
 DEPRECIATION					
At 1 April 2011	2,835	11,794	6,152	15,090	35,871
Charge for year	<u>4,900</u>	<u>1,222</u>	<u>306</u>	<u>1,272</u>	<u>7,700</u>
At 31 March 2012	<u>7,735</u>	<u>13,016</u>	<u>6,458</u>	<u>16,362</u>	<u>43,571</u>
 NET BOOK VALUE					
At 31 March 2012	<u>18,054</u>	<u>3,665</u>	<u>2,759</u>	<u>1,120</u>	<u>25,598</u>
At 31 March 2011	<u>19,114</u>	<u>2,347</u>	<u>3,065</u>	<u>2,126</u>	<u>26,652</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	83,596	20,606
Prepayments	<u>7,764</u>	<u>12,227</u>
	<u>91,360</u>	<u>32,833</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	7,272	10,810
Social security and other taxes	5,285	4,939
VAT	11,261	9,210
Accrued expenses	<u>56,700</u>	<u>45,795</u>
	<u>80,518</u>	<u>70,754</u>

INSTITUTE OF WELSH AFFAIRS

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2012**

15. OPERATING LEASE COMMITMENTS

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

	2012 £	2011 £
Expiring:		
Between one and five years	2,300	2,300
In more than five years	<u>15,726</u>	<u>15,726</u>
	<u>18,026</u>	<u>18,026</u>

16. MOVEMENT IN FUNDS

	At 1.4.11 £	Net movement in funds £	At 31.3.12 £
Unrestricted funds			
General fund	182,512	(19,157)	163,355
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>182,512</u>	<u>(19,157)</u>	<u>163,355</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	383,614	(402,771)	(19,157)
Restricted funds			
Esmee Fairbairn Salary Grant	30,000	(30,000)	-
Getting Ahead Together Publication	1,000	(1,000)	-
City Region Publication	1,000	(1,000)	-
Inspire Wales Awards 2012 Lunch	1,500	(1,500)	-
Sustainable Development conference	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>
	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
TOTAL FUNDS	<u>418,614</u>	<u>(437,771)</u>	<u>(19,157)</u>

INSTITUTE OF WELSH AFFAIRS

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2012

16. MOVEMENT IN FUNDS – continued

RESTRICTED FUNDS

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

The Getting Ahead Together publication grant was received from Cardiff Council towards the publication of book "Getting Ahead Together"

The City Region grant was received from Cardiff & Co towards the publication of the "City Region" book

A grant from Western Power Distribution was received towards the Inspire Wales Awards 2012 Launch event.

Sustainable Development Conference represents funding from WWF UK towards the costs of putting on a conference discussion of sustainable development.

INSTITUTE OF WELSH AFFAIRS

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012	2011
	£	£
INCOMING RESOURCES		
Voluntary income		
Donations	499	310
Gift aid	14,761	1,756
Grants	92,500	92,500
Membership subscriptions and donations	<u>88,904</u>	<u>78,659</u>
	196,664	173,225
Investment income		
Deposit account interest	2,672	1,650
Incoming resources from charitable activities		
Activities to further the charity's objects	<u>219,278</u>	<u>203,721</u>
Total incoming resources	418,614	378,596
RESOURCES EXPENDED		
Costs of generating voluntary income		
Direct project costs	19,007	16,067
Charitable activities		
Direct project costs	120,394	100,382
Governance costs		
ISO Quality Assurance	540	540
Auditors' remuneration for non-audit work	<u>3,110</u>	<u>5,340</u>
	3,650	5,880
Support costs		
Office and Sundry Costs		
Hire of office equipment	5,066	2,662
Rent and rates	17,236	16,637
Insurance	1,248	1,099
Light and heat	1,241	-
Telephone	1,968	2,652
Postage and stationery	11,872	7,964
Sundries	4,162	5,038
Travel & entertainment	2,655	2,300
Cleaner	482	388
Maintenance	1,249	1,530
Computer costs	4,959	6,791
Carried forward	<u>52,138</u>	<u>47,061</u>

INSTITUTE OF WELSH AFFAIRS

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012	2011
	£	£
Office and Sundry Costs		
Brought forward	52,138	47,061
Marketing	4,674	8,982
Bad debt	<u>1,088</u>	<u>297</u>
	57,900	56,340
Staff Costs		
Wages	190,198	191,368
Social security	19,969	19,835
Pensions	16,841	9,558
Staff training	<u>365</u>	<u>360</u>
	227,373	221,121
Depreciation		
Depreciation of tangible fixed assets	7,700	2,674
Bank Charges		
Bank charges	<u>1,747</u>	<u>1,368</u>
Total resources expended	437,771	403,832
	<hr/>	<hr/>
Net expenditure	<u>(19,157)</u>	<u>(25,236)</u>