

Charity Registration No. 1105070

Company Registration No. 5133651 (England and Wales)

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**TRUSTEES' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2010**

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**LEGAL AND ADMINISTRATIVE INFORMATION**

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**Trustees**

M Dacey  
J O'Shea  
B Piette  
A P Sheehan  
C Toms  
R Payne  
L D El-Khatib  
R M Spear  
J Cook  
A J O'Sullivan  
M H Dawson  
R A Cuthbertson  
B Davies  
H Hanschell  
P G James  
H J Saunders  
E Moore  
D E Tebbutt  
J Woodington  
H Jones  
N K Thornton-Scott  
I T Jones

**Chief Executive Officer**

J Barlow

**Secretary**

R A Cuthbertson

**Charity number**

1105070

**Company number**

5133651

**Registered office**

3-4 Llys Onnen  
Parc Menai  
Bangor  
Gwynedd  
LL57 4BL

**Auditors**

Crestmere Limited  
Victoria House, Plas Llwyd Terrace, Bangor

**Bankers**

HSBC plc  
274 High Street  
Bangor  
LL57 1RU

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**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
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**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**TRUSTEES' REPORT**

***FOR THE YEAR ENDED 31 JULY 2010***

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The trustees present their report and accounts for the year ended 31 July 2010.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 1985 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

**Trustees**

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

M Dacey	
I Gruffydd	(Retired 9 February 2010)
G Jenson	(Retired 9 February 2010)
J O'Shea	
B Piette	
A P Sheehan	
C Toms	
R Payne	
L D El-Khatib	
R M Spear	
J Cook	(Appointed 9 February 2010)
A J O'Sullivan	
M H Dawson	
R A Cuthbertson	(Appointed 20 December 2009)
B Davies	(Appointed 25 January 2010)
S Kelshaw	(Retired 9 February 2010)
H Hanschell	
P G James	
H J Saunders	
E Moore	(Appointed 9 February 2010)
D E Tebbutt	(Appointed 9 February 2010)
J Woodington	(Appointed 28 January 2010)
H Jones	(Appointed 9 February 2010)
N K Thornton-Scott	(Appointed 21 April 2010)
I T Jones	(Appointed 11 June 2010)

# **AGORED CYMRU**

## **A COMPANY LIMITED BY GUARANTEE**

### **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JULY 2010***

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1. "Agored Cymru" was registered with Companies House on 12 October 2009 as the new name for Rhydwaith Coleg Agored Cymru/Open College Network Wales. The change of name marked the change to becoming an Awarding Organisation approved to develop qualifications in the Qualifications and Credit Framework (QCF). Jane Hutt, the Minister for Children, Education, Lifelong Learning and Skills spoke at the launch held at the Senedd on 20 October 2010.

2. Agored Cymru is a company limited by guarantee and a charity. The objects of Agored Cymru are the advancement of the education of the public of Wales and beyond in one or more of the following ways:

- by promoting learning, widening opportunity and enabling progression in education and training.
- by improving the quality and flexibility of education provision for the public benefit;
- by extending access to learning opportunities and facilitating progression to further learning, employment and higher education particularly through the award of credits and credit based qualifications

3. In furtherance of these objectives, Agored Cymru has the following strategic aims to:

- Work in partnership to further vision, mission and values
- Influence policy and take forward the educational agenda in Wales
- Provide opportunities for learners, particularly those who have missed out on previous opportunities to acquire skills and qualifications
- Deliver a high quality accreditation service
- Be a sustainable organisation

Trustees are satisfied that the charity has operated with due regard to the requirements for public benefit.

4. A collaboration agreement was signed with the National Open College Network in October 2010 in recognition of the shared commitment of both organisations to support learning and widen opportunity by recognising achievement and the shared values which arise from a belief that learning can be a powerful force for change. Both parties will continue to promote their common interests with providers and policy makers in the interest of learners.

5. A revised governance model was introduced during the year in line with the changes agreed in March 2009. The revised membership model redefined membership as being open only to recognised centres whilst strengthening the importance of partnership in creating the appointed category on the Board. The Board now consists of a majority of appointed representatives, with about 40% elected from the membership to safeguard against members being able to exercise undue influence in matters relating to its responsibilities to the qualification regulators. The same balance is reflected in the Quality, Standards and Regulation Committee (QSRC) and Finance and General Purposes Committee (F&GPC). The Access to HE committee's remit and membership retained a strong input from FE and HE practitioners. All new Board members attended an induction session. The Quality Standards and Regulation Committee and the Access to HE committee delegate certain functions to the officers including overseeing the arrangements for validation panels and ratifying the award of credit and qualifications.

6. A strategic planning day provided an opportunity for Board members and senior staff to review performance against strategic aims and work together to identify key priorities for the future.

7. The CEO and the Directors of Finance Corporate Services, Quality Standards and Regulation and Business Development are responsible for day to day management decisions including the committing of resources within the budget agreed by the Board. Strategic and operational objectives are agreed by this group and reflected in the priorities and targets allocated to members of staff. A progress report against these objectives is provided to each Board meeting.

8. Agored Cymru has a key objective to develop a dynamic qualification and unit offer to meet Welsh Assembly Government policy requirements and the distinct needs of learners in Wales. Five qualifications were developed and approved during the year in Youth Work and Welsh in the Workplace. The first award of

# **AGORED CYMRU**

## **A COMPANY LIMITED BY GUARANTEE**

### **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JULY 2010***

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youth work qualifications was made to youth workers at a launch event presided over by the Deputy Minister for Children. A bespoke accreditation service enabled education and training providers to develop credit based learning to enhance opportunity and provide progression routes for learners. As an Access Validating Agency (AVA) licensed by the Quality Assurance Agency for Higher Education (QAA) it continued to award the Access to HE Diplomas and to support learners to progress to Higher Education.

9. Further refinements to the quality model were made to enhance the validity and reliability of the awards made to learners and to the service offer to education and training providers. Training events were held to support the skills development of assessors and verifiers.

10. The risk register is kept under regular review to identify safeguards to be taken to mitigate general and specific risks. A revised risk register format is in development. Key risks identified by the Board are the threat to public funding of the courses that Agored Cymru accredits and the progression opportunities for learners, especially into Higher Education, the increasingly competitive qualifications market and need to support key roles within the organisation to maximise flexibility succession and support succession planning.

11. There was a deficit on the accounts of £25k, significantly smaller than the £250 k deficit set in the budget to take account of the planned investment from the reserve to support the development of the Awarding Organisation functions. Income declined by £106k on the previous year reflecting the changes in the way many providers used Agored Cymru credits to support their curriculum offer. A new reserves policy was approved for use in 2010/11 to earmark funds for business continuity, development and other charitable activities.

12. Priorities for 2010/11 are;

- to work with partners to increase Agored Cymru's ability to influence learning policy in Wales to further its mission.
- to continue the programme of qualification and unit development in line Welsh Assembly Government policy requirements and the distinct needs of learners in Wales;
- to develop and implement a marketing strategy and plan;
- to monitor and evaluate quality assurance systems to ensure a high quality, value for money service to centres in line with regulatory requirements; and
- to develop, implement, and enhance efficient and effective management systems that meet business needs and ensure regulatory and legal requirements are satisfied.

#### **Investment Policy**

The governing document places no specific restrictions on the Board in respect of investment policy. The Board has considered the most appropriate policy for investing funds in the light of its Reserves Policy and considers that the return on investments is satisfactory.

#### **Reserves Policy**

The Board has set a reserves policy that requires:

- funds are to be maintained at a level that ensures core activity can continue for at least three months in the event of disruption of income streams
- funds are to be maintained in a readily realisable form
- the policy allows review on an annual basis

During the year the reserves policy objectives were achieved.

**AGORED CYMRU  
A COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JULY 2010***

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**Disclosure of information to auditors**

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

**Auditors**

A resolution proposing that Crestmere Limited be reappointed as auditors of the company will be put to the members.

On behalf of the board of trustees

**R A Cuthbertson**

Trustee

Dated: 19 November 2010

# **AGORED CYMRU**

## **A COMPANY LIMITED BY GUARANTEE**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The trustees, who are also the directors of Agored Cymru for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE TRUSTEES OF AGORED CYMRU**

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We have audited the accounts of Agored Cymru for the year ended 31 July 2010 set out on pages 8 to 23. These accounts have been prepared in accordance with the accounting policies set out on page 10.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As described in the statement of trustees' responsibilities, the trustees, who are also the directors of Agored Cymru for the purposes of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with section 44 of that Act.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with those accounts, the charity has not kept adequate accounting records, if the charity's accounts are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**INDEPENDENT AUDITORS' REPORT (CONTINUED)**  
**TO THE TRUSTEES OF AGORED CYMRU**

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**Opinion**

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 July 2010, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the accounts have been prepared in accordance with the Companies Act 2006.

**Crestmere Limited**

**Chartered Certified Accountants**

**Statutory Auditor**

Victoria House, Plas Llwyd Terrace, Bangor

Dated: 19 November 2010

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £	2009 £
<b><u>Incoming resources from generated funds</u></b>			
Donations and legacies	2	-	10,930
Investment income	3	4,296	23,958
		<u>4,296</u>	<u>34,888</u>
Incoming resources from charitable activities	4	2,061,382	2,140,468
Other incoming resources	5	28,174	24,728
		<u>2,093,852</u>	<u>2,200,084</u>
<b>Total incoming resources</b>			
<b><u>Resources expended</u></b>			
<b>Charitable activities</b>			
Provision of accreditation services		2,106,611	1,884,764
Governance costs		12,207	25,789
		<u>2,118,818</u>	<u>1,910,553</u>
<b>Total resources expended</b>			
<b>Net (expenditure)/income for the year/ Net (outgoing)/incoming resources</b>		<b>(24,966)</b>	289,531
<b>Other recognised gains and losses</b>			
Actuarial loss on defined benefit pension schemes		-	(38,000)
		<u>(24,966)</u>	<u>251,531</u>
<b>Net movement in funds</b>			
Fund balances at 1 August 2009		2,480,877	2,229,346
		<u>2,455,911</u>	<u>2,480,877</u>
<b>Fund balances at 31 July 2010</b>			

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**BALANCE SHEET**  
**AS AT 31 JULY 2010**

	Notes	2010 £	£	2009 £	£
<b>Fixed assets</b>					
Tangible assets	10		20,643		13,979
<b>Current assets</b>					
Debtors	11	887,507		880,347	
Cash at bank and in hand		1,837,339		1,838,363	
		<u>2,724,846</u>		<u>2,718,710</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(248,578)</u>		<u>(188,812)</u>	
<b>Net current assets</b>			<u>2,476,268</u>		<u>2,529,898</u>
<b>Total assets less current liabilities</b>			<u>2,496,911</u>		<u>2,543,877</u>
<b>Defined benefit pension liability</b>			<u>(41,000)</u>		<u>(63,000)</u>
<b>Net assets</b>			<u><u>2,455,911</u></u>		<u><u>2,480,877</u></u>
<b>Income funds</b>					
Unrestricted funds			<u>2,455,911</u>		<u>2,480,877</u>
			<u><u>2,455,911</u></u>		<u><u>2,480,877</u></u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 July 2010, although an audit has been carried out under section 43 of the Charities Act 1993. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the 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 accounts, so far as applicable to the company.

The accounts were approved by the Board on 19 November 2010

R A Cuthbertson  
**Trustee**

**Company Registration No. 5133651**

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS**  
***FOR THE YEAR ENDED 31 JULY 2010***

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**1 Accounting policies**

**1.1 Basis of preparation**

The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

The accounts have been prepared for the year ended 31 July 2010, previous accounts having been prepared for the year ended 31 July 2009.

**1.2 Incoming resources**

The income of the charity arises primarily from student accreditation.

Accreditation income is recognised in each period to the extent that credits are formally claimed by the provider and the relevant certificates have been received.

**1.3 Resources expended**

Liabilities are recognised on an accruals basis.

All of the charity's expenditure relates to its single charitable activity.

Staff costs relating to governance are allocated on a time apportionment basis. Other governance costs comprise legal fees, audit fees and other payments to auditors.

The charity is not registered for VAT. Accordingly, VAT attributable to expenses is irrecoverable and resources expended are stated in the accounts inclusive of any VAT.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings, equipment and software      straight line over three years

The charity's policy on the capitalisation of fixed assets is that individual assets generally have a value on acquisition of more than £500 and a useful economic life of at least one year.

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2010**

**1 Accounting Policies** **(continued)**

**1.5 Pensions**

The charity contributes to a number of pension schemes. All except two of these schemes are defined contribution schemes. Contributions for defined contribution schemes are charged in the accounts as they become payable in accordance with the rules of the schemes.

Under the definition set out in Financial Reporting Standard (FRS) 17 - 'Retirement Benefits', one defined benefit scheme, the Teacher's Pension Scheme, is a multi-employer scheme. The charity has taken advantage of the exemption in FRS 17 to account for contributions to the scheme as if it were a defined contribution scheme.

The Rhondda Cynon Taf County Borough Pension Fund is a Local Government Pension Scheme (LGPS). The regular cost of providing retirement pensions and related benefits is charged to the statement of financial activities over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the statement of financial activities and the contributions paid to the scheme is shown as an asset or liability in the balance sheet. Actuarial gains and losses are recognised in the Statement of Financial Activities.

**2 Donations and legacies**

	<b>Total 2010 £</b>	<b>Total 2009 £</b>
Donations and gifts	-	10,930

**3 Investment income**

	<b>2010 £</b>	<b>2009 £</b>
Interest receivable	<b>4,296</b>	23,958

**4 Incoming resources from charitable activities**

	<b>2010 £</b>	<b>2009 £</b>
Centre Approval/Membership	<b>137,575</b>	124,275
Student registrations and accreditation	<b>1,730,301</b>	1,832,415
Access Learners Charge	<b>180,178</b>	143,730
Project Income	<b>13,328</b>	40,048
	<b>2,061,382</b>	2,140,468

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2010**

**5 Other incoming resources**

	<b>2010</b>	2009
	£	£
Other income	<b>28,174</b>	24,728

**6 Total resources expended**

	<b>Staff costs</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>Total 2010</b>	Total 2009
	£	£	£	£	£
<b>Charitable activities</b>					
<u>Provision of accreditation services</u>					
Activities undertaken directly	<b>1,201,547</b>	<b>17,120</b>	<b>887,944</b>	<b>2,106,611</b>	<b>1,884,764</b>
<b>Governance costs</b>	<b>2,600</b>	-	<b>9,607</b>	<b>12,207</b>	25,789
	<b>1,204,147</b>	<b>17,120</b>	<b>897,551</b>	<b>2,118,818</b>	1,910,553

**Other governance costs comprise**

	<b>2010</b>
Legal fees	5,107
Audit fees	4,300
Other payments to auditors	200
	<b>9,607</b>

Staff costs recognised above include a credit of £22,000 which relates to a change in the inflation measure used to determine minimum pension increases for the Rhondda Cynon Taf CBC Pension Fund (the change being from using Retail Prices Index to Consumer Prices Index). This amount has been accounted for as a past service cost on the basis that it constitutes a benefit change.

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2010**

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**7 Governance costs**

	<b>2010</b>	2009
	£	£
Other governance costs comprise:		
Project costs	12,143	71,720
Marketing	87,448	60,604
Development costs	57,151	143,231
Quality costs	158,673	103,323
Staff related costs	74,025	51,711
Travel and subsistence	91,206	84,488
Rent and services	128,988	130,957
Other operating costs	140,615	127,254
Legal and membership fees	104,742	93,180
Other costs	42,560	41,834
Allocated to Direct Charitable Activities	(887,944)	(885,013)
	<u>9,607</u>	<u>23,289</u>

**8 Trustees**

None of the trustees (or any persons connected with them) received any remuneration during the year, but nine of them were reimbursed a total of £642 travelling expenses (2009: four were reimbursed £1,204).

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

**9 Employees**

**Number of employees**

The average monthly number of full time equivalent employees during the year was:

	<b>2010</b>	2009
	<b>Number</b>	Number
Provision of accreditation services	<b>46</b>	39

**Employment costs**

	<b>2010</b>	2009
	<b>£</b>	£
Wages and salaries	<b>1,017,347</b>	815,530
Social security costs	<b>98,071</b>	77,429
Other pension costs	<b>88,729</b>	82,711
	<b>1,204,147</b>	975,670
Analysis of Other Pension Costs:		
Total cost incurred	110,729	82,711
Non-periodic pension cost relating to the charity's share of Local Government Pension Scheme liabilities	(22,000)	-
	<b>88,729</b>	<b>82,711</b>

The non-periodic pension cost reflects the impact on the share of Local Government Pension Scheme Liability of the change in actuarial assumptions from using the Retail Prices Index to using the Consumer Prices Index.

There were no employees whose annual emoluments were £60,000 or more.

The charity's main pension schemes are defined contribution schemes. Contributions are charged to the Statement of Financial Activities as they arise.

During the year, contributions were made for 4 employees (2008 - 2) to the Teachers Pension Scheme. Contributions were also made for 2 employees (2009 - 2) to the Rhondda Cynon Taf County Borough Council Pension Fund, which is a final salary scheme.

**The Teachers Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations, 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to

**AGORED CYMRU**  
**A COMPANY LIMITED BY GUARANTEE**  
**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2010**

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**9 Employees**

**(continued)**

opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by parliament. Under the unfunded TPS teachers' contributions on a 'pay-as-you-go' basis and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5% The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75% and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at:  
[www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions)

Under the definition set out in Financial Reporting Standard 17 - Retirement Benefits, the TPS is

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**9 Employees**

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a multi-employer pension scheme. The charity is unable to identify its share of the underlying assets and liabilities of the scheme. The charity has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

**The Rhondda & Cynon Taf County Borough Pension Fund**

The disclosures below relate to the funded liabilities within the Rhondda Cynon Taf County Borough Pension Fund (the Fund) which is part of the Local Government Pension Scheme. Open College Network Wales participates in the Fund which provides defined benefits, based on members final pensionable salary.

In accordance with Financial Reporting Standard No. 17 - Retirement Benefits (FRS17), disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

**Contributions for the accounting period ending 31 July 2011**

The employer's regular contributions to the fund for the accounting period ending 31 July 2011 are estimated to be £0.010M. In addition, Strain on Fund Contributions may be required.

**Assumptions**

The latest actuarial valuation of Agored Cymru's liabilities took place as at 31 March 2007. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS17 purposes were:

Principal Financial Assumptions (% per annum):

	31 July 2010	31 July 2009	31 July 2008
Discount rate	5.5	5.8	6.5
RPI Inflation	3.7	3.9	3.8
CPI Inflation	3.0	N/A	N/A
Rate of increase to pensions in payment*	3.0	3.9	3.8
Rate of increase to deferred pensions*	3.0	3.9	3.8
Rate of increase in salaries**	5.2	5.4	5.3

\*In excess of Guaranteed Minimum Pension increases in payment where appropriate.

\*\*In addition, we have allowed for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2007.

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**Principal demographic assumptions:**

*Post retirement mortality*

	<b>31 July 2010</b>	<b>31 July 2009</b>
<b>Males</b>	PMNA00 with allowance for MC improvement factors to 2007	PMNA00 with allowance for MC improvement factors to 2007
Rating to above base table*(years)	0	0
Scaling to above base table rates**	125%	125%
Cohort improvement factors (from 2007)	80% of LC	100% of MC
Minimum underpin to improvement factors (p.a.)	1.25%	1.00%
Future lifetime from age 65 (currently age 65)	21.2	21.1
Future lifetime from age 65 (currently age 45)	23.5	23.4

**Females**

Rating to above base table*(years)	0	0
Scaling to above base table rates**	120%	120%
Cohort improvement factors (from 2007)	60% of LC	100% of MC
Minimum underpin to improvement factors (p.a.)	1.25%	1.25%
Future lifetime from age 65 (currently age 65)	23.6	23.5
Future lifetime from age 65 (currently age 45)	25.8	25.7

\*A rating of x years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual x years older than them. The ratings shown apply to normal health retirements.

\*\*The scaling factors shown apply to normal health retirements.

**Commutation**

31 July 2010 Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2008 pension entitlements.  
Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2008 pension entitlements.

31 July 2009 Each member assumed to exchange 50% of the maximum amount permitted of their pre 1 April 2008 pension entitlements.  
Each member assumed to exchange 75% of the maximum amount permitted of their post 31 March 2008 pension entitlements.

**Expected Return on assets**

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the employer for the purposes of FRS17.

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**FOR THE YEAR ENDED 31 JULY 2010**

**9 Employees** **(continued)**

	Long term expected rate of return at 31/7/10 (%p.a.)*	Asset split at 31/7/10	Long term expected rate of return at 31/7/09 (%p.a.)*	Asset split at 31/7/09	Long term expected rate of return at 31/7/08 (%p.a.)*	Asset split at 31/7/08
Equities	8.2	64.0	8.0	62.7	7.8	72.8
Property	7.7	6.4	7.0	3.7	6.8	3.8
Government						
Bonds	4.2	13.4	4.5	14.7	4.8	8.7
Corporate						
Bonds	4.9	12.6	5.9	9.6	6.5	4.7
Cash	1.4	3.6	0.9	5.2	5.9	5.6
Other**	8.2	0.0	0.9	4.1	5.9	4.4
TOTAL	7.0	100.0	6.6	100.0	7.2	100.0

\*Following the amendment to FRS17 issued in December 2006, disclosure of the expected return on assets by asset category is no longer required (only the total rate needs to be disclosed along with the asset values). The overall expected rate of return on Fund assets is a weighted average of the individual expected rates of return on each asset class and is shown in the bottom row of the above table.

\*\*Other holdings include hedge funds, currency holdings, asset allocation futures and other. We

Agored Cymru employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 July 2010.

**Reconciliation of funded status to balance sheet**

	Value as at 31 July 2010 £M	Value as at 31 July 2009 £M	Value as at 31 July 2008 £M
Notional value of assets	0.077	0.055	0.051
Present value of liabilities	0.118	0.118	0.076
Net pension asset/(liability)	(0.041)	(0.063)	(0.025)

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**NOTES TO THE ACCOUNTS (CONTINUED)**

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**9 Employees**

**(continued)**

***Analysis of income and expenditure charge***

	Period ending 31/7/10 £M	Period ending 31/7/09 £M
Current service cost	0.009	0.004
Past service cost	(0.025)	0.000
Interest cost	0.007	0.005
Expected return on assets	(0.004)	(0.004)
Curtailement cost	0.000	0.000
Settlement cost	0.000	0.000
Expense recognised	(0.013)	0.005

***Changes to the present value of liabilities during the accounting period***

	Period ending 31/7/10 £M	Period ending 31/7/09 £M
Opening present value of liabilities	0.118	0.076
Current service cost	0.009	0.004
Interest cost	0.007	0.005
Contributions by participants	0.003	0.002
Actuarial (gains)/losses on liabilities*	0.006	0.031
Net benefits paid out #	0.000	0.000
Past service cost	(0.025)	0.000
Net increase in liabilities from disposals and acquisitions	0.000	0.000
Curtailements	0.000	0.000
Settlements	0.000	0.000
Closing present value of liabilities	0.118	0.118

\*Includes changes to the actuarial assumptions

#Consists of net cashflow out of the fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

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**NOTES TO THE ACCOUNTS (CONTINUED)**

**FOR THE YEAR ENDED 31 JULY 2010**

**9 Employees**

**(continued)**

***Changes to the fair value of assets during the accounting period***

	Period ending 31/7/10 £M	Period ending 31/7/09 £M
Opening fair value of assets	0.055	0.051
Expected return on assets	0.004	0.004
Actuarial gains/(losses) on assets	0.006	(0.008)
Contributions by the employer	0.009	0.006
Contributions by participants	0.003	0.002
Net benefits paid out#	0.000	0.000
Net increase in assets from disposals and acquisitions	0.000	0.000
Settlements	0.000	0.000
Closing fair value of assets	0.077	0.055

#Consists of net cashflow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid and including an approximate allowance for the expected cost of death in service lump sums.

***Actual return on assets***

	Period ending 31/7/10 £M	Period ending 31/7/09 £M
Expected return on assets	0.004	0.004
Actuarial gain/(loss) on assets	0.006	(0.008)
Actual return on assets	0.010	(0.004)

***Analysis of amount recognised in Statement of Financial Activities***

	Period ending 31/7/10 £M	Period ending 31/7/09 £M
Total actuarial gains/(losses)	0.000	(0.039)
Total recognised	0.000	(0.039)

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**FOR THE YEAR ENDED 31 JULY 2010**

**9 Employees**

**(continued)**

***History of asset values, present value of liabilities and surplus/deficit\****

	Period ending 31/7/10 £M	Period ending 31/7/09 £M
Fair value of assets	0.077	0.055
Present value of liabilities	0.118	0.118
Surplus/(deficit)	(0.041)	(0.063)

In accordance with paragraph 77(o) of FRS17 (as revised), the assets for the current period and previous two periods are measured at current bid price. Asset values previously measured at mid-market value for periods ending 2008 and 2007 have been remeasured for this purpose.

***History of experience gains and losses***

	Period ending 31/7/10	Period ending 31/7/09
Experience gains/(losses) on assets		
Amounts £M	0.006	(0.008)
Percentage of assets	7.8%	-14.5%
Experience gains/(losses) on liabilities#		
Amounts £M	0.000	0.000
Percentage of the present value of the liability	0%	0%

In accordance with paragraph 79 of FRS17 (as revised), undefined liabilities are disclosed separately for periods beginning on or after 6 April 2007. The history of experience gain/(loss) on liabilities shown has not been re-stated for periods ending 2007 and 2006 and includes the experience relating to unfunded liabilities.

#This item consists of gains/(losses) in respect of liability experience only - and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

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**NOTES TO THE ACCOUNTS (CONTINUED)**  
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**10 Tangible fixed assets**

	Software £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 August 2009	6,162	94,246	100,408
Additions	678	23,105	23,783
<b>At 31 July 2010</b>	<b>6,840</b>	<b>117,351</b>	<b>124,191</b>
<b>Depreciation</b>			
At 1 August 2009	4,579	81,849	86,428
Charge for the year	1,809	15,311	17,120
<b>At 31 July 2010</b>	<b>6,388</b>	<b>97,160</b>	<b>103,548</b>
<b>Net book value</b>			
<b>At 31 July 2010</b>	<b>452</b>	<b>20,191</b>	<b>20,643</b>
At 31 July 2009	1,583	12,396	13,979

**11 Debtors**

	2010 £	2009 £
Operating debtors	795,961	855,830
Prepayments and accrued income	91,546	24,517
	<b>887,507</b>	<b>880,347</b>

**12 Creditors: amounts falling due within one year**

	2010 £	2009 £
Operating creditors	96,421	50,341
Taxes and social security costs	32,476	25,301
Other creditors	14,501	10,759
Accruals	105,180	102,411
	<b>248,578</b>	<b>188,812</b>

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**FOR THE YEAR ENDED 31 JULY 2010**

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**13 Commitments under operating leases**

At 31 July 2010 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>£</b>	£	<b>£</b>	£
Expiry date:				
Within one year	<b>70,463</b>	88,661	<b>9,524</b>	9,429
Between two and five years	<b>52,483</b>	122,946	<b>13,626</b>	23,150
	<b>122,946</b>	211,607	<b>23,150</b>	32,579