

**THE WALES CO-OPERATIVE DEVELOPMENT &
TRAINING CENTRE LIMITED**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019**

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
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YEAR ENDED 31 MARCH 2019

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THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
ORGANISATION INFORMATION
YEAR ENDED 31 MARCH 2019

CHIEF EXECUTIVE	Derek Walker
SECRETARY	Derek Walker
BOARD	David Jenkins – Chair Jeff Andrews – Treasurer Re-elected September 2018 John Chown Mike Ash-Edwards Resigned September 2018 Lis Burnett Nigel Keane Re-elected September 2018 Tamsin Stirling Robin Williams Julia Houlston-Clark Elected September 2018 and resigned January 2019 <u>Co-opted Members:</u> Kathryn Williams Ben Pritchard Co-opted March 2019 <u>TUC Nominated Member</u> Julie Cook
OTHER OFFICERS	Judy Leering – (Director of Corporate Services) Glenn Bowen – (Director of Enterprise) Karen Lewis – (Director of Engagement and Innovation) Lara Ramsay – (Director of Communities and Inclusion) (Appointed June 2019)
REGISTERED OFFICES	Y Borth 13 Beddau Way CAERPHILLY CF83 2AX
REGISTERED NUMBER	24287 R (Mutuals Public Register – FCA)
AUDITORS	Baldwins Audit Services Chartered Accountants & Statutory Auditors Ty Derw, Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
ANNUAL REPORT
YEAR ENDED 31 MARCH 2019

The Officers and Board presents its report with the financial statements of the Centre for the year ended 31 March 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Centre is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is governed under the Centre's rules.

The Board is responsible for the overall governance of the Centre. Board members are appointed through election by the Centre's members or by co-option. The Welsh TUC also nominate a member to the board.

Effective partnership between Board members and staff continues to contribute to the success of the Centre. The Board meets on a regular basis. There are a minimum of four operational Board meetings and four strategic Board meetings per year. In addition the Board has one sub-committee, which is the Risk and Audit Committee.

The Board delegates the exercise of certain powers in connection with the management and administration of the Centre as set out below. This is controlled by requiring regular reporting back to the Board so that all decisions made under delegated powers can be ratified by the full Board in due course.

Risk and Audit Committee

The Risk and Audit Committee comprises a minimum of 3 members. The committee meets quarterly. It takes delegated responsibility on behalf of the Board for ensuring that there is an appropriate framework of accountability within the organisation, advising the Board on matters of financial accountability, risk control and governance.

Chief Executive and other Key Management Personnel

The Chief Executive is responsible for the day to day management of the Centre's affairs and for implementing policies agreed by the Board. Other key management personnel are outlined on page 1 as other officers. Their remuneration is in line with the Centre's pay scales.

OBJECTIVES AND PRINCIPAL ACTIVITIES

Established over 35 years ago, the Centre is a not-for-profit co-operative organisation that supports people in Wales to improve their lives and livelihoods. We will achieve our purpose through our mission, which is to develop sustainable businesses and strong inclusive communities by working co-operatively.

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We reviewed our purpose in 2016/2017 and agreed new strategic goals. We have set ourselves the following five goals to 2022. We will:

- be champions for an inclusive economy and co-operative working – leading the public debate, shaping policy-making, piloting innovative new projects and sharing successful ways of working;
- lead the growth of co-operatives, mutuals, social enterprises and employee-owned businesses in Wales – working across all sectors, from small local shops to large manufacturing businesses, doing what it takes to help the social business sector to thrive;
- enable people and communities to improve their lives and livelihoods, tackle poverty and help build an inclusive society;
- harness the power and potential of digital technology to achieve a social purpose and deliver social good; and
- be a strong, independent co-operative organisation, ensuring our values underpin everything we do.

ACHIEVEMENTS AND PERFORMANCE

Throughout 2018-2019 the Wales Co-operative Centre continued to deliver important initiatives, funded by the EU and The Welsh Government, to strengthen the Welsh economy through support to social businesses. Our Social Business Wales programme created 172 jobs and safeguarded 83 others. 50 of these new jobs went to unemployed people, giving them a first foot on the employment ladder. During this year we held a number of events including regional networks and a national conference for social businesses in Cardiff, providing delegates with valuable skills and knowledge.

The Community Shares Wales project, funded by the National Lottery Community Fund, advised 59 people on community shares and launched 5 new share schemes. Our support meant that £179,000 was raised to protect and revitalise community assets. We trained 121 people on community shares. 93% said our training improved their skills whilst 83% reported that we had helped them communicate more effectively with their communities.

Care to Co-operate registered 4 brand new co-ops to deliver social care and well-being services, so that care users, their families and carers have more say in how these services are delivered. The team also enabled 8 groups to explore ideas and gain skills to set up co-ops delivering social care and well-being services.

We once again delivered the Social Enterprise Assist (SE Assist) programme in Wales. SE Assist is a pioneering approach to social investment, which brings together large businesses and social enterprises, led by the Charities Aid Foundation (CAF) and Legal & General.

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We led initiatives to strengthen communities and promote inclusion. Our Welsh Government funded Digital Communities Wales (DCW) project helps to tackle digital exclusion by providing training, support and encouragement to organisations to help them support digitally excluded people. During the year, the team trained 400 organisations on digital inclusion. These organisations went on to support 27,000 people so they could access information, services and jobs online. DCW also recruited and trained over 1,900 Digital Heroes, young people who then helped others get online. Their work with mainly older people helped reduce loneliness and isolation.

With funding from The Welsh Government and the Nationwide Foundation, our Co-operative Housing Project helped support 20 co-operative and community-led housing schemes with potential to develop 400 community-led homes, and gave 400 hours of intensive help to groups exploring co-op housing ideas. The team worked with the City and County of Swansea – the first local authority in Wales to develop a co-operative housing strategy. We also organised 4 regional community-led housing networks, bringing together 50 people to share ideas and best practice.

Our policy and research work continued to influence decision-makers. We gave feedback to 6 consultations on behalf of the social business sector and published new reports, including *Digital Inclusion in Health and Care in Wales* with the Carnegie Trust. This report influenced The Welsh Government to embed health and social care into its new digital inclusion programme and double the budget for this vital work. In addition we provided support to the National Assembly for Wales' Cross Party Group on Co-operatives and Mutuals, which looked at a range of subjects including public sector procurement.

We also supported the Mutuals Alliance and in June organised a second successful 'Building a Co-operative Country' conference which focused on how we can engage young people in the co-operative movement.

We maintained a focus on our ongoing programme of continuous improvement. During the year the Centre was re-assessed for Investors in People accreditation and achieved the Gold standard. We also retained our PQASSO level 2 accreditation and gained Cyber Essentials Plus and IASME accreditation, proving our commitment to cyber security.

In our annual staff survey, staff were asked for their views and ideas for improvement. 97% said they would recommend the Centre as a great place to work and 98% said they were proud to work here. Our gender profile has a male/female ratio of 34% to 66% and our pay ratio is a favourable 1:3.9.

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FINANCIAL REVIEW AND RESULTS

During the year, the Centre generated a turnover of £4.5m from a combination of grants, contract income and consultancy work. A profit of £19.6K was generated in the period. The majority of the Centre's activities operate on a cost recovery basis.

The main funding sources for the Centre for 2018-2019 comprise:

- grant funding from The Welsh Government to deliver core activities and specific individual project work;
- a mixture of European grants and The Welsh Government grants to support our enterprise projects;
- grant funding from The Welsh Government and The Nationwide Foundation to deliver our Co-operative Housing Project;
- grant income from The Big Lottery Fund to fund our Community Shares Wales project, and
- income received from the Welsh Government in relation to the delivery of the Digital Communities Wales contract.

A prudent investment strategy is in place to ensure the safeguarding of reserves. Net assets as at 31 March 2019 were £889.7k comprising a general reserve of £274.0k, share capital of £121 and designated reserves of £615.7k. Designated reserves provide resources to allow for the continuation and development of the Centre and a critical cost reserve in the event that the Centre has to radically reduce its activities, downsize or close down.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Board is aware, there is no relevant audit information of which the Centre's auditors are unaware, and each Board member has taken all the steps that they ought to have taken as a Board member in order to make themselves aware of any relevant audit information and to establish that the Centre's auditors are aware of that information.

AUDITORS

The auditors, Baldwins Audit Services, will be proposed for re-appointment at the forthcoming Annual General Meeting. This followed a tendering process carried out in 2019.

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ANNUAL REPORT
YEAR ENDED 31 MARCH 2019

STATEMENT OF BOARD RESPONSIBILITIES

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

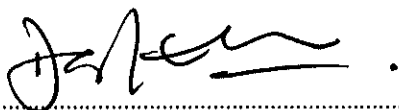
The Board is required to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Centre and of its excess of income over expenditure for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Centre will continue in business.

The Board is responsible for maintaining satisfactory systems of internal control and keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Centre and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Centre's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ON BEHALF OF THE BOARD



.....
David Jenkins - Chair

Date..... *5 September 2019*

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED

Opinion

We have audited the financial statements of The Wales Co-operative Development & Training Centre Limited (the "Centre") for the year ended 31 March 2019 which comprise the Income and Expenditure Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Centre's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefits Societies Act 2014. Our audit work has been undertaken so that we might state to the Centre's members those matters we are required to state to them in an auditor's 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 Centre and the Centre's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Centre's affairs as at 31 March 2019 and of the Centre's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Centre in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Centre's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED

Other information

The Board members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Co-operative and Community Benefits Societies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Centre and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefits Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Centre or returns adequate for our audit have not been received from branches not visited by us;
- the Centre's financial statements are not in agreement with the accounting records and returns;
- certain disclosures of members' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED

Responsibilities of the Board members

As explained more fully in the Board members' responsibilities statement set out on page 6 the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Centre or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

Baldwins Audit Services

Baldwins Audit Services
Chartered Accountants & Statutory Auditors

Date *5/9/19*

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
TURNOVER			
The Welsh Government	2	1,850,455	1,875,993
European Funding	2	2,079,606	1,828,394
Other Grants and Sources of Income	2	584,525	813,470
		<u>4,514,586</u>	<u>4,517,857</u>
Staff costs	3	(2,599,931)	(2,661,735)
Travel costs		(95,513)	(102,323)
Operational Costs		(1,800,079)	(1,740,390)
		<u>4,495,523</u>	<u>4,504,448</u>
OPERATING SURPLUS	4	19,063	13,409
Interest receivable and similar income		<u>642</u>	<u>387</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	19,705	13,796
Tax on surplus on ordinary activities	5	(122)	(74)
SURPLUS FOR THE YEAR AFTER TAXATION	15	<u>19,583</u>	<u>13,722</u>

CONTINUING OPERATIONS

None of the Centre's activities were acquired or discontinued during the current period or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

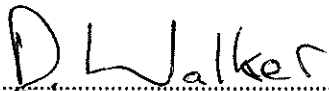
The Centre has no recognised gains or losses other than the surpluses for the current period or previous year.


The notes on pages 12 – 23 form part of these financial statements

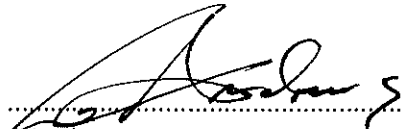
THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
BALANCE SHEET
31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		-		16,777
Investments	7		<u>250</u>		<u>250</u>
			250		17,027
CURRENT ASSETS					
Debtors	9	350,263		508,667	
Cash at bank and in hand		<u>1,473,508</u>		<u>927,558</u>	
		1,823,771		1,436,225	
CREDITORS					
Amounts falling due within one year	10	<u>(934,292)</u>		<u>(583,127)</u>	
NET CURRENT ASSETS			889,479		853,098
NET ASSETS			<u>889,729</u>		<u>870,125</u>
CAPITAL AND RESERVES					
Designated reserves	14		615,625		590,557
General reserve	14		273,983		279,468
Share capital	12		<u>121</u>		<u>100</u>
SHAREHOLDERS' FUNDS	15		<u>889,729</u>		<u>870,125</u>

The financial statements were approved by the Board^{5/9/19} and were signed by:


.....
D Walker
Chief Executive


.....
D Jenkins
Chair


.....
J Andrews
Treasurer

The notes on pages 12 – 23 form part of these financial statements

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

Company Information

The Wales Co-operative Development and Training Centre Ltd is a company limited by shares incorporated in England and Wales. The registered office is Y Borth, 13 Beddau Way, Caerphilly, UK, CF83 2AX.

Status

The Centre is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Co-operative and Community Benefits Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ sterling.

Turnover

Turnover represents the total amount receivable by the Centre in the ordinary course of business for services and grant funding managed by the centre.

Going

Concern

At the time of approving the Board have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Board adopt the going concern basis of accounting in preparing the financial statements.

Grants and Contracts

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. A grant received before the recognition criteria are satisfied is recognised as a liability.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost less their residual values over their useful lives on the following bases:

- Computer Equipment – 33.33% straight line
- Office Equipment – 20% straight line

The organisation has a capitalisation policy whereby only assets above £1,500 are capitalised.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments are stated at cost less provision for diminution in value.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and credit unions.

Pensions

The Centre operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable during the year in accordance with FRS 17.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Taxation

The tax expense represents the sum of the tax currently payable.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. For this period only, included within wage costs are accrued holiday entitlements of £20.1K (2018: £18.3K).

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leasing commitments

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Board are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

- Useful lives and depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date based on the expected utilisation of the assets of the company. The carrying amounts are analysed in note 6. Actual results, however, may vary due to technical obsolescence.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

Reserves

The Wales Co-operative Centre has reviewed its financial position and the need to maintain reserves to provide sufficient resources to allow for the continuation and development of the Centre.

This is to ensure financial security, appropriate levels of staffing and adequate resources to meet challenges imposed by changes in funding activities.

The Board considers it prudent that general reserves need to be sufficient:

- to avoid the necessity of realising fixed assets held for the Centre's use
- cover transfers to the various designated reserves as detailed below

Match funding reserve:

This reserve has been established to designate funds for future match funding or a specific commercial activity.

Critical Cost Reserve:

This reserve has been established to cover closure costs arising as a result of project income ending. Such costs could include redundancy costs. This reserve is to be kept at an appropriate level, calculated on an annual basis and transfer of funds will be made to and from the reserve to achieve this.

Income Generation Reserve:

This reserve has been established to cover the costs of establishing a business development function to further enhance the Centre's commercial income generation activity. The reserve will mainly cover staffing costs to provide a resource to take the business strategy forward.

IT replacement Reserve:

This reserve has been established to cover the costs of replacing IT equipment on a cyclical basis or as and when the need arises.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

2. TURNOVER

The turnover and surplus before taxation are attributable to the principal activity of the Centre.

The turnover for the year is analysed as follows:

	2019 £	2018 £
Grant income received:		
-The Welsh Government	1,026,423	1,056,262
-European Funding	2,079,606	1,828,394
Contract Income:		
- The Welsh Government	824,032	819,731
Other grant & contract income	584,525	813,470
	<u>4,514,586</u>	<u>4,517,857</u>

Turnover analysed by geographical market

	2019 £	2018 £
United Kingdom	4,514,586	4,517,857

3. STAFF COSTS

	2019 £	2018 £
Wages and salaries	2,175,672	2,222,193
Social security costs	243,592	240,414
Staff pension costs	150,189	144,652
Training & development resources	27,846	45,484
Recruitment	2,632	8,992
	<u>2,599,931</u>	<u>2,661,735</u>

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

2019	2018
<u>70</u>	<u>69</u>

No remuneration is paid to board members.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

3. STAFF COSTS continued

Remuneration of key management personnel

The remuneration of key management personnel, which is the senior management team, is as follows:

	2019	2018
	£	£
Aggregate compensation	<u>222,970</u>	<u>226,189</u>

The senior management team in 2019 comprised of 4 employees (2018: 4).

4. OPERATING SURPLUS

The operating surplus is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	16,776	16,776
Auditors' remuneration		
- for audit of the Centre	3,800	3,000
- for reports on grants received by the Centre	1,325	1,300
Operating lease rentals	78,758	79,095
Pension costs	<u>150,189</u>	<u>144,652</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the surplus on ordinary activities for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK Corporation tax	122	74
Tax on surplus on ordinary activities	<u>122</u>	<u>74</u>

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

5. TAXATION continued

The charge for the year can be reconciled to the surplus per the income and expenditure account as follows:

	2019	2018
	£	£
Surplus/(deficit) before taxation	19,705	13,796
Expected tax charge based on the standard rate of corporation tax in The UK of 19.00% (2018: 19.00%)	3,744	2,621
Surplus/(deficit) not subject to tax	(3,622)	(2,547)
Tax on surplus on ordinary activities	<u>122</u>	<u>74</u>

Except for corporation tax on gross bank interest received, no taxation is payable as HM Revenue & Customs consider the Centre to be a "not for profit" organisation.

6. TANGIBLE FIXED ASSETS

	Computer & office equipment £
COST	
At 1 April 2018	<u>272,572</u>
At 31 March 2019	<u>272,572</u>
DEPRECIATION	
At 1 April 2018	255,796
Charge for year	<u>16,776</u>
At 31 March 2019	<u>272,572</u>
NET BOOK VALUE	
At 31 March 2019	<u>-</u>
At 31 March 2018	<u>16,776</u>

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

7. FIXED ASSET INVESTMENTS

	Unlisted Investments £
COST	
At 1 April 2018 & 31 March 2019	250
NET BOOK VALUE	
At 1 April 2018	250
At 31 March 2019	250

The fixed asset investment represents 250 £1 shares in ICOF Community Capital.

8. FINANCIAL INSTRUMENTS

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,565,486	1,003,518
Equity instruments measured at cost less impairment	250	250
Carrying amount of financial liabilities		
Measured at amortised costs	224,822	274,355

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	91,979	75,960
Prepayments and accrued income	258,284	432,707
	350,263	508,667

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	127,093	170,051
Social security and other taxes	44,796	41,482
Accruals	97,729	104,304
Deferred income	664,674	267,290
	<u>934,292</u>	<u>583,127</u>

Restricted funding was received within the year from The Big Lottery Fund in relation to the Community Shares Wales and the Agile Mentoring projects. At the year end a balance of £31,014 (2018: £67,674) was remaining from the funding which has been deferred to the next financial year.

The Centre also received restricted grant funding from The Nationwide Foundation in relation to the Co-operative Housing project. At the year end a balance of £58,901 (2018: £37,316) was remaining from the funding which has been deferred to the next financial year.

11. OPERATING LEASE COMMITMENTS

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

	2019	2018
	£	£
Expiring:		
Within one year	6,972	18,403
Between one and five years	125,296	166,157
	<u>132,268</u>	<u>184,560</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
121	Ordinary	£1	<u>121</u>	<u>100</u>

13. RELATED PARTY TRANSACTIONS

The board of directors did not receive remuneration during the current or previous year.

No guarantees have been given or received.

During the year the organisation purchased services from Wales Restorative Approaches Partnership CIC (WRAP) totalling £2,800 (2018: £7,600) with a balance of nil outstanding at the year end. WRAP's Chief Executive Officer was a co-opted and then elected Board member of The Wales Co-operative Development & Training Centre during the year and resigned as Board member in January 2019.

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

14. RESERVES

	At 1 April 2018 £	Movement in period £	At 31 March 2019 £
Designated reserves			
Match funding reserve	90,000	6,124	96,124
Critical cost reserve	406,557	27,944	434,501
Income generation reserve	29,000	(9,000)	20,000
IT replacement reserve	65,000	-	65,000
Designated reserve total	<u>590,557</u>	<u>25,068</u>	<u>615,625</u>
General reserve	<u>279,468</u>	<u>(5,485)</u>	<u>273,983</u>
Total reserves	<u>870,025</u>	<u>19,583</u>	<u>889,608</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2019 £	2018 £
Surplus for the financial year	19,583	13,722
Movement on share capital	<u>21</u>	<u>27</u>
Net addition to shareholders' funds	19,604	13,749
Opening shareholders' funds	<u>870,125</u>	856,376
Closing shareholder's funds	<u>889,729</u>	<u>870,125</u>

THE WALES CO-OPERATIVE DEVELOPMENT & TRAINING CENTRE LIMITED
INCOME & EXPENDITURE ACCOUNT BY CATEGORY
YEAR ENDED 31 MARCH 2019

	Enterprise Programme £	Communities £	Business Development £	Closing Projects £	Central Activity £	2019 Total £
Turnover						
The Welsh Government	658,427	971,562	-	-	220,466	1,850,455
European Funding	2,089,581	-	-	-	(9,975)	2,079,606
Other Grants and Sources of Income	166,746	28,416	19,100	79,105	291,158	584,525
Total Income	2,914,754	999,978	19,100	79,105	501,649	4,514,586
Deposit Account Interest	-	-	-	-	642	642
Expenditure						
Staff costs	1,605,095	735,406	12,798	38,503	208,129	2,599,931
Overheads	250,692	124,455	1,509	6,489	(146,763)	236,382
ICT	25,010	2,683	-	-	39,019	66,713
Travel & subs	48,891	35,492	445	903	9,782	95,513
Marketing	136,862	37,654	306	788	69,263	244,873
Professional advice	34,440	12,343	6,863	5,365	287,944	346,955
Irrecoverable VAT	148,110	8,024	-	9,415	11,399	176,948
Project support	665,654	43,921	55	18,265	314	728,209
Total Expenditure	2,914,754	999,978	21,976	79,728	479,087	4,495,523
Net Surplus	-	-	(2,876)	(623)	23,204	19,705

This schedule does not form part of the financial statements.