

**REGISTERED NUMBER: 24287 R (England and Wales)**

**Cwmpas**  
**Annual Report and**  
**Financial Statements for the Year Ended 31 March 2023**

Haines Watts Wales LLP, Statutory Auditors  
7 Neptune Court  
Vanguard Way  
Cardiff  
*CF24 5PJ*

**Cwmpas**

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for the Year Ended 31 March 2023**

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**Cwmpas**  
**Society Information**  
**for the Year Ended 31 March 2023**

<b>Chief Executive:</b>	Bethan Webber Glenn Bowen Derek Walker	appointed May 2023 interim March 2023 - May 2023 resigned February 2023
<b>Secretary:</b>	Bethan Webber Derek Walker	appointed May 2023 resigned February 2023
<b>Board – Elected Members:</b>	Jeff Andrews ( <i>Treasurer</i> ) John Chown Angharad Dalton ( <i>Vice Chair</i> ) Richard Hughes David Jenkins ( <i>Chair</i> ) Nigel Keane Allison Soroko Gareth Yeoman-Evans	re-appointed September 2022  resigned September 2022
<b>Board Independent Members:</b>	Ben Pritchard Kit Wilson Amanda Rees	
<b>Board – TUC Nominated Member</b>	Nisreen Mansour	
<b>Other Officers (Senior Leadership Team)</b>	Glenn Bowen Jocelle Lovell Joanne Jones Carly McCreesh Karen Lewis Sarah Evans	- Director of Enterprise - Director of Inclusive Communities - Director of Finance and Resources - Director of Enterprise (Interim March – June 2023) - Director of External Engagement; Resigned August 2022 - Director of Business Growth and Consultancy
<b>Registered Office</b>	Spark Building, Maindy Road, Cardiff, CF24 4HQ	
<b>Registered Number</b>	24287 R (Mutuals Public Register – FCA)	
<b>Auditors</b>	Haines Watts Cardiff, 7 Neptune Court, Vanguard Way, Cardiff, CF24 5PJ	

**Cwmpas**  
**Annual Report**  
**for the Year Ended 31 March 2023**

The Officers and Board present its report with the financial statements for the year ended 31 March 2023.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

The Board is responsible for the overall governance of the society. Board members are elected to the board by Cwmpas' members, or appointed by the Board to meet gaps in skills or experience. The Wales TUC also nominates a member to the board.

Effective partnership between Board members and employees is fundamental to the success of the society. Cwmpas has a Joint Consultative Group (JCG) involving union and staff representatives as well as board members and members of the Senior Leadership Team. The purpose of the JCG is to share information about the development of Cwmpas' activities and to enable the regular sharing of information on matters relating to employment and well-being at Cwmpas. The Board recognises the GMB trade union and negotiates with the union on pay and conditions.

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 Cwmpas, which are set out in the Schedule of Delegated Authority. This policy sets out the decisions which are reserved for, and must be made by the Board, and those decisions where authority is delegated by the Board to individual directors, such as the chair, committees of the board or the chief executive. This is controlled by requiring regular reporting back to the Board so that all decisions made under delegated powers can be overseen 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 society, 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 Cwmpas' 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 Cwmpas' pay scales

**OBJECTIVES AND PRINCIPAL ACTIVITIES**

Established 40 years ago, Cwmpas is a co-operative development agency. We believe our economy and society should work differently, putting people and planet first.

In 2022, the Board set a new five-year strategy and between 2022 and 2027 we will work across three key missions to achieve our purpose:

- Mission 1. Creating a fairer, greener economy - we are working to increase the proportion of the economy made up by social enterprises, co-operatives and employee-owned businesses.
- Mission 2. Building a more equal society - we are working to advance social justice by increasing access, equity, diversity and participation.
- Mission 3. Making positive change happen - we are working in co-operation with people and organisations to take action for social good.

The goals and outcomes associated with our three missions are set out in detail in the five-year strategy document. As well as our own goals and outcomes, we are committed to applying the framework provided by the Well-being of Future Generations (Wales) Act 2015 to ensure we work for long-term impact to address the persistent problems of poverty, economic inequality and climate change.

**ACHIEVEMENTS AND PERFORMANCE**

Throughout 2022-2023, Cwmpas continued to make a vital contribution to creating a fairer, greener economy through a range of initiatives, from providing new start and growth advice to social businesses, supporting communities to co-operate around better solutions to housing and care, supporting greater digital inclusion, and development of social leaders, to a range of innovation and social value services generating a new energy behind systems change. There has continued to be a strong interest in our work and support for a different way of doing business, one that prioritises social and environmental goals alongside economic gains for a more positive future for people and communities in Wales. At the heart of this lies the social enterprise, co-operative and employee owned business models that Cwmpas is so passionate about.

**Cwmpas**  
**Annual Report**  
**for the Year Ended 31 March 2023**

This year our Social Business Wales team supported 63 start-ups and helped 631 social businesses grow, creating 187 jobs and safeguarding 285 others. Social enterprise and community empowerment are essential components to build prosperous, sustainable and resilient places, and the support on offer through Social Business Wales, funded by the Welsh Government and the European Regional Development Fund, is critical in growing the sector. SBW also provided fully-funded support to transfer businesses to employees through employee ownership. We helped set up 11 new employee-owned businesses in Wales this year. With Welsh Government backing, we were pleased to see the sector becoming more prominent in the Welsh economy.

Our community investment program, funded by the National Lottery Community Fund Wales, continues to help communities protect, purchase and strengthen their assets. This year, we supported 24 communities to prepare a share scheme. Six launched during the year and successfully raised £1,181,205 to purchase a local asset.

Our work in the social care sector continued, with further funding from Welsh Government enabling us to explore transformational models of social care provision that generate greater outcomes for receivers of care and increased social value. Funding from Bridgend Council enabled us to undertake innovative work to improve the well-being of unpaid carers through supporting greater co-operation between public and third sector services. The National Lottery has also funded a pilot project, "Community Led Care: Solutions to social care issues", a community led and co-produced project aiming to trial and evaluate two different models of care.

The Community Renewal Funded (CRF) pilot project continued to operate during the year, which created an entrepreneurship hub in Aberdare town centre, working with partners including Our Aberdare Business Improvement District and Purple Shoots, a micro finance provider. The funding came to an end in December. Sadly, the hub had to close its doors in June as continuation funding from CRF was not forthcoming.

We led a range of initiatives to strengthen communities and promote inclusion. Our Welsh Government funded Digital Communities Wales (DCW) project - Digital Communities Wales: Digital Confidence, Health and Wellbeing - aims to reduce digital exclusion by providing training, support and encouragement to organisations to help them support digitally excluded people. The programme is led by Cwmpas and includes a partnership with the Good Things Foundation and Swansea University. The programme has an additional focus on health and social care, supporting staff and patients to increase digital skills and improve health outcomes. Thanks to continued funding from Welsh Government, this year our DCW team assisted 40,201 people in getting online and trained 2,741 staff and volunteers in digital skills.

We continued to deliver the Communities Creating Homes programme, Wales's only Community Led Housing (CLH) hub. We have a team of accredited advisors working in communities to inspire a growing movement of people who want to create 'genuinely' affordable homes to remain in perpetuity for future generations. The project is supported with funding from the Welsh Government and the Nationwide Foundation. This year, we were able to support 3 existing housing co-ops that were responsible for managing 26 homes, as well as work with 36 groups that have the potential to develop up to 269 new homes.

Our Business Growth and Commercial team provided consultancy to a growing number of clients in the public, private and third sectors, including health boards, local councils and housing associations. We delivered a range of products and services on the themes of social value, digital transformation as well as on learning and development. Once again we exceeded the annual commercial targets in our business plan.

One of our most significant policy initiative during the year led to the Senedd's Local Government and Housing Committee holding an enquiry into Community assets. The Committee made 16 recommendations, 9 of which were taken from our discussion paper. 15 were accepted in principle by the Minister for Climate Change.

We increased our efforts to promote equality, diversity and inclusion (EDI). Throughout the year, we focused on strengthening foundations through initiatives to enhance our understanding of diversity, equity, and inclusion, including commissioning training for all staff, with specific focus on topics such as anti-racism, disability, LGBTQ+ inclusion, and neurodiversity. As well as investing in training which had a focus on user centred service design, we launched our "Statement of Intent: Equity, Diversity and Inclusion" following the independent equity audit from Race Council Cymru. This resulting in the development of an EDI action plan.

To ensure our pay scales are fair, we embarked on a job evaluation process, which was completed during the year. No employee faced a detriment under the new pay scales table. The new pay scales table introduced 2 additional levels allowing for fairer salaries and an improving the opportunity to accommodate progression and development. The new pay scale was launched in October 2022.

In our annual staff survey, employees were asked for their views and ideas for improvement - 91% said they would recommend Cwmpas as a good place to work and 93% said they were proud to work here. Our gender profile has a male/female ratio of 40% to 60%. Our pay ratio is 3.8:1 between the highest and lowest paid employees.

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During the year, we took the bold decision to end the lease agreements on all our offices. This followed a review of the way we work since the Covid pandemic, with the majority of colleagues choosing to continue to work from home, when not visiting clients. It also supported our ambitions towards net zero and reduced overheads. Whilst there is not a dedicated office, there is ample opportunity for colleagues to meet at numerous local venues for team meetings as well as the use of desk space at Yr Egin and Spark in Cardiff (our new registered office).

During the year, Derek Walker, Chief Executive resigned. The interim period was covered by the Director of Enterprises until May, when a new Chief Executive, Bethan Webber, was recruited. There was no impact to the business during this period.

We are in the first year of the 5 year strategy. Progress monitoring is reported to Board Members at regular periods. It is still early days and progress has been made; we anticipate a more formal review to take place at the half way point.

We anticipate 2023/24 to be a year of change, following the end of European Funding. Cwmpas will face the typical challenges similar to all third sector organisations. The current economic climate and the continuing preference for short term funding cycles is an ongoing challenge. This is not new to Cwmpas and colleagues are well placed, with skills and experience in managing these challenges.

### **FINANCIAL REVIEW AND RESULTS**

During the year, the society generated a turnover of £7.3m from a combination of grants, contract income and consultancy work. A surplus of £88K was generated in the period. The majority of the society's activities operate on a cost recovery basis.

The main funding sources for the society for 2022-2023 comprise:

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

A prudent investment strategy is in place to ensure the safeguarding of reserves. Net assets as at 31 March 2023 were £1,114K comprising a general reserve of £557K, and designated reserves of £557K. Designated reserves provide resources to allow for the continuation and development of the society and a critical cost reserve in the event that the society 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 society'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 society's auditors are aware of that information.

### **AUDITORS**

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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**Annual Report**  
**for the Year Ended 31 March 2023**

**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 society 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 society 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 society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board are also responsible for safeguarding the assets of the society 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 society'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: 28 September 23.....

## **Report of the Independent Auditors to the Members of Cwmpas**

### **Opinion**

We have audited the financial statements of Cwmpas (the 'society') for the year ended 31 March 2023 which comprise the Income & Expenditure, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

### **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 responsibilities for the audit of the financial statements section of our report. We are independent of the society 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**

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Matters on which we are required to report by exception**

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

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

## **Report of the Independent Auditors to the Members of Cwmpas**

### **Responsibilities of committee management**

As explained more fully in the Board's responsibilities statement set out on page 5, the Board 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 it determines 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 Board are responsible for assessing the society'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 Board either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

### **Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our planning procedures identify the legal and regulatory frameworks applicable to the operations and financial statements of the society. These are reviewed internally with the audit team including relevant industry experience and expectations as well as externally with the client management. The key laws and regulations we considered in this context were the Co-operative and Community Benefit Societies Act 2014, UK GAAP (FRS 102) and relevant tax legislation.

Once identified, we assess the risks of material misstatements in relation to the laws and regulations, irregularities, including fraud and adjust our testing accordingly. Our audit procedures include:

- Discussing with management which areas of the society they believe to be more susceptible to fraud, and whether they have any knowledge or suspicion of fraudulent activities
- Obtaining an understanding of the key controls put in place by the society to address risks identified, assessing the effectiveness of those and discussing how these are maintained and monitored internally
- Assessing the risk of management override and review and testing of journal entries made into the accounting system
- Challenging assumptions and judgements made by the society in relation to the significant accounting estimates employed in the preparation of the financial statements
- Discussing with members and management the legal and regulatory obligations of the society and whether they have any knowledge or suspicion of non-compliance.

Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularities likely involve collusion, forgery, intentional misrepresentation, or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Cwmpas**

**Use of our report**

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



Victoria Carter (Senior Statutory Auditor)  
for and on behalf of Haines Watts Wales LLP, Statutory Auditors  
7 Neptune Court  
Vanguard Way  
Cardiff  
CF24 5PJ

Date: 28<sup>th</sup> September 2023

**Cwmpas**

**Income & Expenditure  
for the Year Ended 31 March 2023**

	<b>Notes</b>	<b>2023 £</b>	<b>2022 £</b>
<b>Turnover</b>	3	7,279,436	6,494,642
Administrative expenses	4	(4,701,127)	(4,323,703)
Travel costs		(82,861)	(13,547)
Operational costs		<u>(2,410,671)</u>	<u>(2,096,698)</u>
<b>Operating Surplus</b>		84,777	60,694
Interest receivable and similar income		<u>4,881</u>	<u>363</u>
<b>Surplus before taxation</b>	5	89,658	61,057
Tax on surplus	6	<u>(902)</u>	<u>(69)</u>
<b>Surplus for the financial year</b>		<u><u>88,756</u></u>	<u><u>60,988</u></u>

The notes form part of these financial statements

Cwmpas (Registered number: 24287 R)

Balance Sheet  
31 March 2023

	Notes	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	7	-	-
Investments	8	<u>12,250</u>	<u>12,250</u>
		<u>12,250</u>	<u>12,250</u>
<b>Current assets</b>			
Debtors	9	1,291,758	1,238,532
Cash at bank		<u>1,290,954</u>	<u>1,035,784</u>
		2,582,712	2,274,316
<b>Creditors</b>			
Amounts falling due within one year	10	<u>(1,480,309)</u>	<u>(1,260,661)</u>
<b>Net current assets</b>		<u>1,102,403</u>	<u>1,013,655</u>
<b>Total assets less current liabilities</b>		<u><u>1,114,653</u></u>	<u><u>1,025,905</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	143	151
Designated reserves	13	557,216	666,708
Retained earnings	13	<u>557,294</u>	<u>359,046</u>
<b>Shareholders' funds</b>		<u><u>1,114,653</u></u>	<u><u>1,025,905</u></u>

The financial statements were approved by the Board and authorised for issue on 28 September 23 and were signed on its behalf by:

  
.....  
D Jenkins – Chair

  
.....  
J Andrews - Treasurer

  
.....  
B Webber - Secretary

The notes form part of these financial statements

## Cwmpas

### Notes to the Financial Statements for the Year Ended 31 March 2023

#### 1. Statutory information

Cwmpas is a Community Benefit Society, under the Co-operative and Community Benefits Societies Act 2014. the registered office is Spark Building, Maindy Road, Cardiff, CF24 4HQ

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

#### 2. Accounting policies

##### **Basis of preparing the financial statements**

These financial statements has been prepared in accordance with Finance Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 society. Monetary amounts in these financial statement are rounded to the nearest £ sterling.

##### **Going concern**

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

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the society's accounting policies, the Board is 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 society. The carrying amounts are analysed in note 7. Actual results, however, may vary due to technical obsolescence.

##### **Turnover**

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

##### **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.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2023**

**2. Accounting policies - continued**

**Tangible fixed assets**

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

Fixtures and fittings	- 20% on cost
Computer equipment	- 33.3% on cost

The society 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 the income and expenditure account.

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

**Impairment of fixed assets**

At each reporting end date, the society 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 society 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 income and expenditure account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 the income and expenditure account, 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.

**Financial instruments**

The society 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 society's statement of financial position when the society 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.

**Taxation**

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from net surplus as reported in the income and expenditure 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 society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Pension costs and other post-retirement benefits**

The society operates a defined contribution pension scheme. Contributions payable to the society's pension scheme are charged to the income and expenditure account, in the period to which they relate.

## Cwmpas

### Notes to the Financial Statements - continued for the Year Ended 31 March 2023

#### 2. Accounting policies - continued

##### 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.

Termination benefits are recognised immediately as an expense when the society 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.

##### Reserves

Cwmpas has reviewed its financial position and the need to maintain reserves to provide sufficient resources to allow for the continuation and development of the society.

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 society's use

- cover transfers to the various designated reserves as detailed below

##### Investment and New Business Reserve:

This reserve has been established to designate funds for investment in future opportunities or new business activities.

##### 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.

##### 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.

#### 3. Turnover

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

The turnover for the year is analysed as follows:

	2023 £	2022 £
Grant income received:		
- The Welsh Government	757,474	712,811
- European Funding	3,439,510	2,817,701
Contract Income		
- The Welsh Government	2,037,061	1,818,691
Other grant & contract income	<u>1,045,391</u>	<u>1,145,439</u>
Total	<u><u>7,279,436</u></u>	<u><u>6,494,642</u></u>

**Cwmpas**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2023**

**4. Staff costs**

	2023	2022
	£	£
Wages and salaries	3,964,954	3,684,444
Social security costs	439,617	375,939
Staff pension costs	242,850	223,897
Training & development resources	34,886	34,021
Recruitment	18,820	5,402
	<u>4,701,127</u>	<u>4,323,703</u>

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

	2023	2022
	<u>100</u>	<u>100</u>

No remuneration is paid to board members.

**Remuneration of key management personnel**

The remuneration of key management personnel, which is the Chief Executive and senior leadership team, is as follows:

	2023	2022
	£	£
Aggregate compensation	<u>394,034</u>	<u>395,679</u>

The senior leadership team in 2023 comprised 5 employees (2022: 6).

**5. Surplus before taxation**

The operating surplus is stated after charging:

	2023	2022
	£	£
Depreciation - owned assets	-	13,586
Auditors' remuneration:		
- for audit of the society	3,700	3,850
- other services	84,875	21,800
Operating lease rental	65,319	67,652
Pension costs	<u>242,850</u>	<u>223,897</u>

**6. Taxation**

**Analysis of the tax charge**

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

	2023	2022
	£	£
Current tax:		
UK corporation tax	<u>902</u>	<u>69</u>
Tax on surplus	<u>902</u>	<u>69</u>

UK corporation tax has been charged at 19% (2022 - 19%).

**Cwmpas**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2023**

**6. Taxation - continued**

**Reconciliation of total tax charge included in income and expenditure account**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Surplus before tax	<u>89,658</u>	<u>61,057</u>
Surplus multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	17,035	11,601
Effects of: Surplus not subject to tax	<u>(16,133)</u>	<u>(11,532)</u>
Total tax charge	<u>902</u>	<u>69</u>

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

**7. Tangible fixed assets**

	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>Cost</b>			
At 1 April 2022	83,882	46,569	130,451
Disposals	<u>(83,882)</u>	<u>(5,812)</u>	<u>(89,694)</u>
At 31 March 2023	<u>-</u>	<u>40,757</u>	<u>40,757</u>
<b>Depreciation</b>			
At 1 April 2022	83,882	46,569	130,451
Eliminated on disposal	<u>(83,882)</u>	<u>(5,812)</u>	<u>(89,694)</u>
At 31 March 2023	<u>-</u>	<u>40,757</u>	<u>40,757</u>
<b>Net book value</b>			
At 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2022	<u>-</u>	<u>-</u>	<u>-</u>

**8. Fixed asset investments**

	<b>Other investments £</b>
<b>Cost</b>	
At 1 April 2022 and 31 March 2023	<u>12,250</u>
<b>Net book value</b>	
At 31 March 2023	<u>12,250</u>
At 31 March 2022	<u>12,250</u>

The fixed asset investment represent the following:  
 - £250 in ICOF Community Capital;  
 - £10,000 in Egni Coop;  
 - £2,000 in Tir Cyffredin Housing Co-operative Ltd.

**Cwmpas**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2023**

9.	<b>Debtors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
		£	£
	Trade debtors	132,611	131,869
	Prepayments and accrued income	<u>1,159,147</u>	<u>1,106,663</u>
		<u>1,291,758</u>	<u>1,238,532</u>

10.	<b>Creditors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
		£	£
	Trade creditors	244,081	230,204
	Tax	902	69
	Social security and other taxes	33,137	72,241
	Deferred income	1,067,579	782,466
	Accrued expenses	<u>134,610</u>	<u>175,750</u>
		<u>1,480,309</u>	<u>1,260,730</u>

11.	<b>Leasing agreements</b>		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		<b>2023</b>	<b>2022</b>
		£	£
	Within one year	-	65,319
	Between one and five years	<u>-</u>	<u>59,731</u>
		<u>-</u>	<u>125,050</u>

Cwmpas ended its main office leases in Caerphilly and Swansea in late 2022 due to extensive use of home working. Any remaining photocopier leases associated with these locations were ended at this time. Cwmpas continues with a lease for some desk space in S4C Yr Egin, Carmarthenshire as well as at Spark (registered office), this is cancellable at any time.

12.	<b>Called up share capital</b>			
	<b>Allotted, issued and fully paid:</b>			
	<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2023</b>
				<b>2022</b>
				£
				£
	143	Ordinary	£1	<u>143</u>
				<u>151</u>

**Cwmpas**

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2023**

**13. Reserves**

	At 1 April 2022	Movement in period	Transfers between reserves	At 31 March 2023
	£	£	£	£
<b>Designated reserves</b>				
Investment and new business reserve	200,000	-	-	<b>200,000</b>
Critical cost reserve	401,708	-	(109,492)	<b>292,216</b>
IT replacement reserve	<u>65,000</u>	<u>-</u>	<u>-</u>	<b><u>65,000</u></b>
<b>Designated reserve total</b>	666,708	-	-	557,216
General reserve	<u>359,046</u>	<u>88,756</u>	<u>109,492</u>	<b><u>557,294</u></b>
<b>Total reserves</b>	<u><u>1,025,754</u></u>	<u><u>88,756</u></u>	<u><u>-</u></u>	<b><u><u>1,114,510</u></u></b>

Transfers between reserves during the year relate to redundancy costs, and a reduction in rental and office costs liabilities.

**14. Related party disclosures**

The board of members did not receive any remuneration during the current or previous year. No guarantees have been given or received.

During the year expenses reimbursed to board members were £317 (2022: NIL).

**15. Reconciliation of movements in shareholders' funds**

	2023	2022
	£	£
Surplus/(Deficit) for the financial year	<b>88,756</b>	60,988
Movement on share capital	<u>(8)</u>	<u>(1)</u>
<b>Net addition to shareholder's funds</b>	<b>88,748</b>	60,987
Opening shareholders' funds	<u><b>1,025,905</b></u>	<u>964,918</u>
<b>Closing shareholders' funds</b>	<u><u><b>1,114,653</b></u></u>	<u><u>1,025,905</u></u>

**Cwmpas**

**Detailed Income and Expenditure Account  
for the Year Ended 31 March 2023**

	<b>2023</b>		<b>2022</b>	
	£	£	£	£
<b>Turnover</b>				
The Welsh Government	2,794,535		2,531,502	
European funding	3,439,510		2,817,701	
Other funding	<u>1,045,391</u>		<u>1,145,439</u>	
		7,279,436		6,494,642
<b>Other income</b>				
Deposit account interest		<u>4,881</u>		<u>363</u>
		7,284,317		6,495,005
<b>Expenditure</b>				
Staff costs	4,701,127		4,143,301	
Marketing	381,818		330,510	
Travel & subsistence	82,861		13,547	
Overheads	-		223,680	
ICT	173,326		158,449	
Irrecoverable VAT	223,913		121,926	
Project support	1,293,374		1,014,728	
Professional advice	<u>338,240</u>		<u>427,807</u>	
		<u>7,194,659</u>		<u>6,433,948</u>
<b>Net surplus</b>		<u><u>89,658</u></u>		<u><u>61,057</u></u>