

**Training and Enterprise Councils  
in Wales  
Income and Expenditure Account  
2000-01**

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## Foreword to the Account

- Form of Account** 1. The accounts have been prepared in accordance with a direction given by Treasury in pursuance with Section 97 of the Government of Wales Act 1998. The direction is shown in full at the end of the Financial Statements.
- Background to the Training and Enterprise Councils in Wales** 2. Training and Enterprise Councils (TECs) were set up in England and Wales by the Department of Employment under general powers conferred by the Employment and Training Act 1973. They were established as private limited companies led by local employers acting on a voluntary basis. TECs in Wales came into being between July 1990 and April 1991 and the former Welsh Office took over responsibility for training and enterprise programmes from the Employment Department in 1992-93. This responsibility passed to the National Assembly for Wales on 1 July 1999.
- Operational Responsibilities** 3. During 2000-01 the TECs were responsible for the management and development of the delivery of Government-funded training and enterprise programmes and the tailoring of these programmes to meet the needs of the local labour market. They also aimed to support the development of enterprise in the locality, by providing practical help to fledgling businesses and to employers wishing to improve their own training efforts and by promoting links between employers and education.
- Recent Developments** 4. On 1 April 2001 the functions and assets of the four TECs in Wales transferred to the National Council for Education and Training for Wales under Section 93 (2) of the Learning and Skills Act 2000 and other successor bodies under contractual arrangements. The TECs' contracts with the National Assembly for Wales expired on the 31 March 2001. In accordance with the Treasury Direction dated 2 March 2001 and appended to these accounts, the financial year 2000-01 represents the final amalgamated accounts for the TECs in Wales.
- Auditors** 5. The Account has been audited by the Auditor General for Wales in accordance with Section 97 of the Government of Wales Act 1998.

Jon Shortridge

12 June 2002

## **Statement of Accounting Officer's Responsibilities**

The Treasury have issued a direction under Section 97 of the Government of Wales Act 1998 requiring the National Assembly for Wales' Accounting Officer to prepare a supporting statement of account (the Account) in respect of the Assembly's Resource Account. The Account is in respect of the Amalgamated Income and Expenditure accounts of the Welsh Training and Enterprise Councils (TECs).

The Account and supporting notes are required to show inter alia the income, expenditure and surplus arising out of both the National Assembly's funding and other government funding of TEC activities. The Account is to be prepared on an accruals basis and must be reconciled to the Resource Account.

Jon Shortridge

12 June 2002

## **Statement on the System of Internal Financial Control**

The Statement on the System of Internal Financial Control published with the National Assembly for Wales Resource Account for 2000-01 refers to the actions taken by me in respect of my responsibilities as Accounting Officer.

The system of internal financial control in place for the preparation of the Welsh Training and Enterprise Councils' Amalgamated Income and Expenditure Account is based on established administrative checks and procedures for the amalgamation of individual TEC returns. It also includes consideration of the audit opinions on the individual TEC returns and of the audit opinions on the individual audited TEC statutory accounts.

The TECs are companies limited by guarantee. During 2000-01, they operated autonomously of the Department, and were responsible for their own systems of internal financial control. On 1 April 2001, the operations, property, rights and liabilities of the Welsh TECs were transferred to the National Council for Education and Training for Wales and other successor bodies.

The Department controlled its relationship with the TECs through a standard contract and by negotiating a business and corporate plan with each TEC. The terms and conditions of each programme funded by the National Assembly were set out in the TEC Operating Manual. The National Assembly Financial Appraisal and Monitoring team carried out monitoring visits to each TEC during the year to verify compliance with this agreement and to confirm the validity of amounts paid to the TECs. Overpayments identified during these visits will be recovered from the National Council in 2001-02.

Jon Shortridge  
Accounting Officer

12 June 2002

# **Statement of the Auditor General for Wales to the Members of the National Assembly for Wales**

I have examined the account of the amalgamated Income and Expenditure of the TECs relating to government funding and associated notes, on pages 6,7,9 and 10. I did not examine the Balance Sheet or the note analysing the surplus between government funding and other sources.

## **Respective responsibilities of the National Assembly for Wales' Accounting Officer, TEC Directors and Auditors**

As described on page 2 the National Assembly for Wales' Accounting Officer is responsible for producing the amalgamated Income and Expenditure account and associated notes in the form set out in the Accounts Direction. The Accounting Officer is also responsible for the Statement on the System of Internal Financial Control on page 3.

My responsibilities, as independent auditor, are guided by the Auditing Practices Board and the auditing profession's ethical guidance.

The Directors of the TECs are responsible for producing returns of income and expenditure for their individual TECs in accordance with the National Assembly's requirements laid down in the Operating Agreement and supporting guidance.

The individual TEC auditors are responsible for auditing the TECs' returns of income and expenditure and for ensuring that these have been prepared in accordance with the National Assembly's requirements. It is my responsibility to examine the amalgamated Income and Expenditure account and associated notes, and to form an opinion, based on my examination, as to whether the account has been accurately amalgamated from the individual TEC returns.

I review whether the statement on page 3 reflects compliance with Treasury's guidance "Corporate governance: statement on the system of internal financial control". I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

## **Basis of examination**

The terms of my examination of this account are confined to reporting on the accuracy of the amalgamation. As explained at note 2 there is no uniform set of accounting policies required to be used by TECs in their individual accounts and returns. I have not assessed the effects on the amalgamated

Income and Expenditure account of the use of possibly inconsistent accounting policies.

My examination comprised the following:

- Checks on the completeness and accuracy of the amalgamation of the TEC returns into the amalgamated Income and Expenditure account and associated notes;
- Consideration of the audit opinions on the individual TEC returns;
- Consideration of the audit opinions on the individual audited TEC statutory accounts;
- Review of the reconciliation of Welsh Office and National Assembly for Wales cash funding to the income figures recorded on the TEC returns.

### **Opinion**

In my opinion the amalgamated Income and Expenditure account and associated notes have been accurately amalgamated from the TECs' returns in the format required by the Accounts Direction.

John Bourn  
Auditor General for Wales

National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

27 June 2002

**TRAINING AND ENTERPRISE COUNCILS IN WALES**

**Amalgamated Income and Expenditure Account for the Period 27 March 2000 to 31 March 2001**

NATIONAL ASSEMBLY FOR WALES Education & Training Expenditure	2000-01			1999-2000		
	Income	Expenditure	Surplus / Deficit	Income	Expenditure	Surplus / Deficit
	£000	£000	£000	£000	£000	£000
Training for Young People	58,730	61,770	(3,040)	66,768	53,795	12,973
Education Business Links	3,542	4,184	(642)	3,551	4,349	(798)
Work Based Training for Adults	6,687	7,069	(382)	8,484	7,852	632
Business Start Up	2,599	3,268	(669)	1,397	1,829	(432)
Business Growth	7,244	9,080	(1,836)	9,397	11,478	(2,081)
Business Connect	66	1,004	(938)	724	1,887	(1,163)
Local Initiative Fund	15,275	15,470	(195)	10,753	11,068	(315)
Out of School Childcare Grant	899	953	(54)	1,096	1,196	(100)
Adult Guidance	2,093	2,618	(525)	1,734	1,975	(241)
Youth Access Initiative	2,038	2,069	(31)	1,423	1,423	-
Youth Gateway	797	793	4	2,400	2,400	-
Welsh Development Projects	401	401	-	915	915	-
Administration Costs	18,379	16,325	2,054	6,728	10,460	(3,732)
<b>Total of Assembly funding</b>	<b>118,750</b>	<b>125,004</b>	<b>(6,254)</b>	<b>115,370</b>	<b>110,627</b>	<b>4,743</b>
<b>Department for Education and Employment</b>						
<b>Class I, Vote 1</b>						
Individual Learning Accounts	-	6,470	(6,470)	-	532	(532)
<b>Class I, Vote 3</b>						
New Deal	3,719	3,324	395	4,847	4,584	263
Employment Zone	-	-	-	530	530	-
<b>Department of Trade &amp; Industry</b>						
<b>Class IX, Vote 1</b>						
Business Connect	-	-	-	98	98	-
<b>Total Expenditure Funded</b>						
By Government	<b>122,469</b>	<b>134,798</b>	<b>(12,329)</b>	<b>120,845</b>	<b>116,371</b>	<b>4,474</b>

Jon Shortridge

12 June 2002



## TRAINING AND ENTERPRISE COUNCILS IN WALES

### Amalgamated Income and Expenditure Accounts for the Period 27 March 2000 to 31 March 2001

	2000-01 £000	£000	1999-2000 £000
<b>Income from other sources</b>			
European Funding	1,626		2,179
Interest Receivable	2,193		1,747
Miscellaneous	<u>2,830</u>		<u>1,995</u>
		6,649	<u>5,921</u>
<b>Expenditure from Other Sources</b>			
European Funding	(1,614)		(1,820)
Miscellaneous	<u>(20,338)</u>		<u>(6,375)</u>
		(21,952)	(8,195)
<b>Deficit</b>		<u>(15,303)</u>	<u>(2,274)</u>
<b>Analysis of Overall Surplus</b>			
Surplus / (Deficit) from Government Funding	(12,329)		4,474
Deficit from other sources	<u>(15,303)</u>		<u>(2,274)</u>
		(27,632)	<u>2,200</u>
Surplus brought forward from previous years		<u>28,832</u>	<u>26,632</u>
Surplus carried forward at 31 March 2001		<u>1,200</u>	<u>28,832</u>

Jon Shortridge

12 June 2002

**TRAINING AND ENTERPRISE COUNCILS IN WALES**

**AMALGAMATED BALANCE SHEET AS AT 31 MARCH 2001**

		2000-01	1999-2000
		£000	£000
<b>FIXED ASSETS</b>	<b>Note 3</b>		
TANGIBLE ASSETS		1,200	3,619
<b>CURRENT ASSETS</b>			
DEBTORS:			
NATIONAL ASSEMBLY FOR WALES		116	11,527
OTHER GOVERNMENT PROVIDERS		140	871
PREPAYMENTS		743	644
ACCRUED INCOME (NATIONAL ASSEMBLY FOR WALES)		721	614
ACCRUED INCOME (OTHER GOVERNMENT)		67	264
OTHERS		192	1,331
INVESTMENTS		788	2,299
CASH AT BANK AND IN HAND		7,000	11,017
		<u>39,089</u>	<u>28,661</u>
		48,856	<u>57,228</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
NATIONAL ASSEMBLY FOR WALES		(9,513)	(12)
OTHER GOVERNMENT PROVIDERS		(962)	(595)
DEFERRED INCOME AND ACCRUALS		(17,022)	(11,137)
OTHERS		(11,722)	(14,206)
		<u>(3,052)</u>	<u>(4,277)</u>
		(42,271)	<u>(30,227)</u>
<b>NET CURRENT ASSETS</b>		6,585	27,001
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>			
NATIONAL ASSEMBLY FOR WALES		-	-
OTHER GOVERNMENT PROVIDERS		-	-
DEFERRED INCOME AND ACCRUALS		-	(600)
OTHERS		-	(41)
		<u>-</u>	<u>(641)</u>
		-	(641)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
ILA PROVISION		(2,462)	(277)
OTHER PROVISION		(4,123)	(870)
		<u>(6,585)</u>	<u>(1,147)</u>
<b>NET ASSETS</b>		<u>1,200</u>	<u>28,832</u>
<b>RETAINED RESERVES</b>	<b>Note 6</b>		
BROUGHT FORWARD		28,832	26,632
PROFIT AND LOSS IN PERIOD		<u>(27,632)</u>	<u>2,200</u>
TOTAL		<u>1,200</u>	<u>28,832</u>

## Notes to the Account

**1. Basis of Accounts** The Account is prepared on an accruals basis in accordance with an accounts direction issued by the Treasury dated 2 March 2001.

**2. Compilation of Account** TECs are companies limited by guarantee under the Companies Acts with no share capital. They prepare their own accounts to meet the accounting and disclosure requirements of the Companies Act 1985. No attempt has been made to consolidate those accounts because of the possible differing accounting treatments adopted by the four TECs. This account has been compiled from returns supplied by each TEC and certified by its statutory auditors.

### 3. Tangible Fixed Assets

	Equipment	Fixtures and Fittings	Motor Vehicles	Land and Buildings	Total
Cost	£000	£000	£000	£000	£000
As at 27 March 2000	3,963	1,348	556	2,538	8,405
Additions	145	64	15	88	312
Disposals	(754)	(125)	(196)	(113)	(1,188)
As at 31 March 2001	3,354	1,287	375	2,513	7,529
<b>Depreciation</b>					
As at 27 March 2000	3,382	874	310	220	4,786
Charge for period	520	243	134	1,188	2,085
Eliminated on Disposal	(715)	(57)	(138)	(95)	(1,005)
Exceptional Charge	167	227	69	-	463
As at 31 March 2001	3,354	1,287	375	1,313	6,329
<b>Net Book Value</b>					
As at 31 March 2001	-	-	-	1,200	1,200
As at 27 March 2000	581	474	246	2,318	3,619

#### 4. Staff costs and numbers

	2000-01 £000	1999-2000 £000
Wages and Salaries	11,852	11,062
Social Security Costs	1,101	1,017
Pension Costs	1,912	1,399
<b>Total</b>	<b>14,865</b>	<b>13,478</b>

  

	Number	Number
Average number of employees during the period (including seconded civil servants)	613	619

#### 5. Directors Remuneration

	£000	£000
Salaries	258	211
Performance bonus	65	5
Pension contributions	32	35
Benefits in kind	12	20
Non cash benefits	0	0
Compensation for loss of office	170	0
<b>Total</b>	<b>537</b>	<b>271</b>

#### 6. Movement on Reserves

	£000	£000
Retained reserves brought forward	28,832	26,632
Balance transferred from income and expenditure account	(27,632)	2,220
<b>Retained reserves carried forward</b>	<b>1,200</b>	<b>28,832</b>

7. **Reconciliation to Resource Account** A reconciliation has been carried out between the National Assembly Resource Account and the Income and Expenditure Account.
8. **Year End** For the purpose of these Accounts, the 2000-01 financial year represents the 53 week period from 27 March 2000 to 31 March 2001. This follows the period covered by the individual TECs' published accounts.
9. **Related Party Transactions** The notes to the Accounts for each of the four TECs contain a declaration of related party transactions.

**NATIONAL ASSEMBLY FOR WALES**  
**ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE**  
**WITH SECTION 97 OF THE GOVERNMENT OF WALES ACT 1998.**

The National Assembly for Wales shall prepare an amalgamated Income and Expenditure Account of the Training and Enterprise Councils (TECs) in Wales. The account shall present an accurate amalgamation of the audited TEC returns and be prepared with reference to the information and format requirements set out within this accounts direction.

The account will show inter alia the income, expenditure and surplus on an accruals basis relating to funding by the National Assembly and Government Departments. When preparing the account, the National Assembly shall have regard to the format shown in the annex to this direction.

A foreword shall be included with the account. The foreword shall state that the account has been prepared in accordance with a direction issued by Treasury in pursuance of Section 97 of the Government of Wales Act 1998 and will also include details of the statutory background; operational responsibilities; audit arrangements; and responsibilities of the Accounting Officer

The National Assembly may support the Income and Expenditure Account with an amalgamated balance sheet that should show the accumulated funds brought forward together with the surplus/(deficit) for the financial year.

Notes to the account will include an analysis of the surplus/deficit into that which has arisen through National Assembly or Government Department funding and that which is due to other activities. This note shall be required regardless whether or not an amalgamated balance sheet is prepared.

The National Assembly Accounting Officer shall sign the account after having received suitable assurances from the other Accounting Officers whose

departments provide funding to the TECs. There will be no requirement for the balance sheet to be signed by the Accounting Officer

This direction shall apply to the account for the financial years ended 31 March 2000 and 31 March 2001 and supersedes that dated 11 March 1996. The direction excluding the annex shall be reproduced with the account.

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Treasury Officer of Accounts

2 March 2001