



# The Learned Society of Wales

**Report and Accounts  
for the period 1 August 2015 to 4 August 2016**

**Registered Charity Number 1141526  
Company Number 7256948**





# THE LEARNED SOCIETY OF WALES

## CYMDEITHAS DDYSGEDIG CYMRU

THE NATIONAL ACADEMY – CELEBRATING SCHOLARSHIP AND SERVING THE NATION  
YR ACADEMI GENEDLAETHOL – YN DATHLU YSGOLHEICTOD A GWASANAETHU'R GENEDL

## The Learned Society of Wales (a registered charity and a company limited by guarantee)

### Report and Accounts for the period 1 August 2015 to 4 August 2016

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## Legal and Administrative Information

Charity Name:	The Learned Society of Wales
Welsh name of Charity:	Cymdeithas Ddysgedig Cymru
Charity Registration Number:	1141526
Company Number:	7256948
Registered Office and operational address:	The University Registry King Edward VII Avenue Cathays Park Cardiff CF10 3NS
Website:	<a href="http://www.learnedsociety.wales">www.learnedsociety.wales</a> / <a href="http://www.cymdeithasddysgedig.cymru">www.cymdeithasddysgedig.cymru</a>

### Members of Council (Charity Trustees and Directors)

Professor David Boucher	Professor Roger Owen
Professor Michael Charlton	Professor Ole Petersen
Professor Kenneth Dyson	Professor Keith G Robbins
Professor Dianne Edwards (until 18 May 2016)	Professor Alan Shore (from 18 May 2016)
Professor David Evans	Professor Keith Smith
Professor Robert Evans (until 18 May 2016)	Professor M Wynn Thomas
Sir Roger Jones (until 18 May 2016)	Professor John Tucker
Sir Emry Jones Parry	Professor Peter Wells
Professor John Wyn Owen	Professor Robin H Williams
Professor Judith Phillips	Professor John Jones
Professor Terry Threadgold (from 18 May 2016)	Professor Nancy Edwards
Professor Christine James (from 18 May 2016)	

Except where indicated, the persons listed above served as Charity Trustees and Directors throughout the period covered by this Report (1 August 2015 to 4 August 2016) and occupied these positions on the date on which the Report was approved (25 January 2017).

### Auditors

PricewaterhouseCoopers LLP, One Kingsway, Cardiff CF10 3PW

### Bankers

HSBC (UK) Limited, 97 Bute Street, Cardiff Bay CF10 5NA

### Legal Advisers

Blake Morgan, Bradley Court, Park Place, Cardiff CF10 3DR

### Chief Executive

Professor Peter Halligan

### Clerk (including Company Secretary)

Miss Gwen Lloyd Aubrey

# Structure, Management and Governance

## Governing Document

The Society was incorporated as a company limited by guarantee (company number, 7256948) on 18 May 2010 and was accorded charitable status on 19 April 2011 (Registered Charity Number 1141526). It was established under a Memorandum and Articles of Association which defined its objects, powers and governance arrangements.

During 2013/14, the Society initiated the process of applying for a Royal Charter and this was successfully awarded on 28 September 2015. As a result of being awarded the Royal Charter, the Society will incorporate itself as a Royal Charter charity (with a new registered charity number) during August 2016. Following the transition, the current charitable company will become dormant. These 2015-16 accounts therefore will be the last full set of company accounts.

Following incorporation as a Royal Charter charity, the Society's current governing document, the Articles of Association will be replaced by the new Royal Charter and bye-laws. This, along with the Society's Regulations will form the Society's new governing instruments.

## Responsibilities of the Council

The Articles of Association provide for the Society's governing body to be the Council, which has responsibility "*for the entire control and management of the Society*" (Article 20.1), including the effective and efficient use of resources, the solvency of the Society and the safeguarding of its assets, as well as ensuring that all matters relating to Accounts and financial procedures are conducted in accordance with legal and regulatory requirements. Members of the Council serve as Directors of the Limited company for the purpose of company law and as Charity Trustees for the purpose of charity law.

## The Annual General Meeting

The business of the Annual General Meeting of Fellows of the Society includes the presentation and adoption of the audited statement of Accounts for the year ending the previous 31st day of July and associated reports. For 2015/16, the Society's Council agreed to extend the end of the 2015-16 financial year up until the 4th August 2016 to allow for the incorporation of the Society as a Royal Charter charity.

## Council: recruitment and appointment of members

Nominations are invited from among the Fellowship as a whole to fill the vacancies. In accordance with the Articles and Regulations, the term of office of members of Council is ordinarily three Society Years (a Society year being defined as the period between one Annual General Meeting and the next.) The term of office is renewable for a second term of up to three years. Elected Members having served two terms shall not be eligible for re-election for a further term until at least one Society Year has elapsed.

Members of Council and other Fellows are required to provide a list of their skills and expertise which can be taken into account during the election and appointment of members of Council and other committees. The Society also keeps a Register of Interests for all Council members, senior members of staff (Chief Executive and Clerk/Company Secretary) and members of Committees.

To ensure a representative balance of academic expertise amongst the members of the Council, no more than two-thirds of the members may ordinarily be from either of the broad category of Arts, Humanities and Social Sciences or the broad category of Science, Technology and Medicine.

All members of Council give of their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 5 to the Accounts.

## Trustee induction and information

Throughout the year, Trustees and Fellows receive regular relevant information, and where necessary, guidance on their responsibilities under the Charity Act. Governance matters is a standard item on Council meeting agendas and all Committees.

Directors are provided with copies of all relevant documentation. Members of Council have wide experience of governance and matters relating to the administration of charities and all are familiar with the objects and aims of the Society and its work.

## **Organisational Structure: Officers and Committees of Council**

### **President**

The Society's current President is Sir Emry Jones Parry GCMG FInstP PLSW, who was elected by the Fellowship during 2013/14 and took office at the close of the Annual General Meeting on 14 May 2014 (to serve until the close of the Annual General Meeting to be held in May 2017).

### **Other Officers**

In addition to the President, provision exists under the Regulations for up to four other Officers to be nominated and elected; the Vice-Presidents (by and from among the members of Council) and the General Secretary and Treasurer by the Fellowship as a whole. During the reporting period (2015-2016) these were as follows:

**Vice-Presidents** (each of which have responsibility for one of the Society's two broad subject groupings into which the Society's Fellows are presently organised):

- Professor Ole Petersen CBE FMedSci MAE FLSW FRS (*Science, Technology and Medicine*)
- Professor M Wynn Thomas OBE FEA FLSW FBA (*Arts, Humanities and Social Sciences*)

### **Treasurer**

- Professor John Wyn Owen CB FRSPH FLSW

### **General Secretary**

- Professor John Tucker MAE FBCS FLSW

### **Royal Patron**

From March 2014, His Royal Highness, The Prince of Wales, graciously accepted the Society's invitation to become its Royal Patron and took on this role for an initial period of five years.

### **Committees**

The Council is empowered, subject to certain restrictions, to delegate its powers and duties to Officers, Secretariat, and Committees and has approved schedules of delegated authority. For this purpose, the Council has established the following Committees to support it in its work:

- **The Executive Committee** whose members (*ex officio*) are the Society's five Officers, Chief Executive and Clerk/Company Secretary.
- **The General Purposes Committee** comprises the Society's five Officers (*ex officio*), three members appointed by the Council from among the Fellowship and such other person or persons not exceeding two in number as the Committee may think fit to co-opt as members.
- **The Finance Committee** comprises the Treasurer and the General Secretary (*ex officio*), three members appointed by the Council from among the Fellowship and such other person or persons not exceeding two in number as the Committee may think fit to co-opt as members.
- **The Development Funding Committee** comprises three members appointed by the Council from among the Fellowship (one of whom shall be Chair), members for the time being of the Finance Committee (*ex officio*) and such other person or persons not exceeding two in number as the Committee may think fit to co-opt.
- **The Nominations Committee:** During the reporting period, this Committee was renamed as the *Appointments, Governance and Nominations Committee* and its constitution redrafted. It comprises five Officers and two members (Fellows), one of each gender, appointed by the Council from among the members of the Council and such other Fellow or Fellows, who are not Council members, not exceeding two in number as the Committee may think fit to co-opt.
- **The Presidential Search Committee:** This Committee, which reports to the Appointments, Governance and Nominations Committee, was established with the specific remit of supporting the task of identifying a new President. The members include the Society's Officers, with the exception of the President, and the other members of the Appointments, Governance and Nominations Committee.

## **Governance**

During the year, the Council and its Committees:

- reviewed the Society's Regulations via a Regulations Working Group set up and approved by Council to ensure that the Regulations were 'fit for purpose' to serve the Society upon its incorporation as a Royal Charter Charity and its adoption of its new Royal Charter bye-laws
- established a new Appointments, Governance and Nominations Committee responsible for looking at and advising Council on the process required for the role of President, Officers, Chief Executive and nominations to Council
- reviewed the Code of Conduct for members of Council
- reviewed and implemented a new schedule of major risks facing the Society
- successfully progressed the application for Royal Charter on behalf of the Society
- reviewed the annual Register of Interests for members of Council and implemented and approved a new Conflict of Interest policy
- introduced the Trustee Declaration Form to all new members of Council
- completed and submitted an online questionnaire on Fraud as per the requirements bestowed upon the Society as a small charity by the Charity Commission. The questionnaire was completed by all Trustees and the findings submitted to the Charity Commission on behalf of the Society by the Clerk
- agreed to develop a number of additional good working practice policies for the Society which are currently being drafted for approval by Council during the next Society year

## **Risk Management**

The Council has delegated to the Society's Finance Committee the responsibility of reviewing regularly the Society's Schedule of Risks and the procedures and systems that have been put in place to manage and mitigate such risks, as far as can be identified.

During the reporting period, the Society's Clerk introduced a new format for the Schedule of Risks, based on the Charity Commission's five risk category classifications; Governance, Operational, Financial, Environmental or External. This newly formatted Schedule of Risks along with the risks listed for each category were reviewed by the Finance Committee on the 2nd March 2016 before being reviewed and approved by the Society's Council during its 23rd March 2016 meeting. The Society's Schedule of Risks remains a standing item on both the Finance Committee and Council meetings agendas and is closely monitored and reviewed as necessary on a quarterly basis.

## **Royal Charter**

The Society's Royal Charter petition was submitted to the Privy Council on 22nd January 2015. At the Privy Council meeting held at Buckingham Palace on 11th February 2015, Her Majesty approved an Order referring the Society's draft Charter to a Committee of the Privy Council for consideration and report. The Petition was subsequently published in the London Gazette on 12th February 2015. On the 10th June 2015, Her Majesty the Queen approved an Order from the Privy Council granting the Society a Charter of Incorporation. The Royal Charter took legal effect when the Great Seal was applied to the vellum copy sealed by the Crown Office at the House of Lords on 28th September 2015. For the Learned Society of Wales, the award of Royal Charter is a particular distinction and assurance that the Society is sound and well established, and that its members have a high level of qualification and experience and that their conduct and activities will be properly monitored.

Since the last annual report and accounts, the Society has begun transitioning to the new charter body with a view of completing the transition by the 5th August 2016.

# Objectives, Activities, and Achievements

## Society Purpose and Mission

The Society's **guiding mission** is summarised in its strapline, *The National Academy - Celebrating Scholarship and Serving the Nation*. The Society exists to promote and add value to Welsh scholarly achievements, to celebrate, recognise, and encourage excellence in all scholarly disciplines and in the professions, industry and commerce, the arts and public service. The Society also acts to harness and channel Wales's intellectual talents, embodied in its Fellows, for the benefit, primarily, of Wales and its people, and thereby to have a significant positive impact on their quality of life.

## Mission and Objectives

The Council has approved the following Mission and Objectives for the Society:

### ***Mission***

- to celebrate, recognize, preserve, protect and encourage excellence in all of the scholarly disciplines, and in the professions, industry and commerce, the arts and public service;
- to promote the advancement of learning and scholarship and the dissemination and application of the results of academic enquiry and research; and
- to act as a source of independent and expert scholarly advice and comment on matters affecting the wellbeing of Wales and its people and to advance public discussion and interaction on matters of national and international importance.

### ***Objectives***

1. to promote the academic excellence and achievements of Wales and to disseminate Welsh research and scholarship in the United Kingdom and internationally;
2. to engage the public's interest in, and understanding and appreciation of, science, technology and medicine, and the arts, humanities and social sciences in Wales;
3. to foster partnerships and links between academia and other sectors of society, including industry and commerce, the professions, the arts, public service, and schools and colleges, thereby promoting the health of intellectual life in Wales;
4. to support research and innovation in Wales, in higher education and more widely, to stimulate the development of new research areas, including applied, multi-disciplinary and inter-sectoral research, and to aid the commercialisation of research-driven, innovative ideas;
5. to work with and support Welsh higher education and other relevant sectors in these tasks;
6. to facilitate engagement between policy-makers in Wales and well-informed practitioners in a variety of fields, and to offer assistance, where appropriate, in the formation of national policy, by acting as an expert, impartial and independent source of scholarly enquiry, evidence, advice and comment;
7. to enable Wales to participate at the highest level in the international world of learning and scholarship, and to promote the academic excellence and achievements of Wales to the wider world;
8. to establish and maintain links with comparable academies in the United Kingdom and internationally.

## Fellowship

Election to the Fellowship is by nomination from existing Fellows. Nominated candidates undergo a rigorous 5 staged annual selection process which culminates in a ballot by the whole Fellowship. The Ballot result is announced in April of each year, and new Fellows are formally admitted at the Society's Annual General Meeting in May of each year.

The Society is an equal opportunities organisation and Fellowship is open to all those:

- *who have a demonstrable record of excellence and achievement in any of the academic disciplines or who, being members of the professions, the arts, industry, commerce or public service, have made a distinguished contribution to the world of learning; and*
- *who are resident in Wales, or who are persons of Welsh birth but are resident elsewhere, or who otherwise have a particular connection with Wales.*

Following the election of 46 new Fellows during its sixth annual election cycle in 2015/16, the Society has now more than 420 Fellows, all prominent figures within their respective fields.

As a young organisation, the Council recognises that the Society will take some time to reach full maturity. The Society's short-to medium-term **Strategic Aim** is to be both modest and meaningful within this growth period given the level of staffing and resources available.

Specifically the Society's strategic plan indicates that:

*"by the end of the current planning period (July 2018), to develop itself as a sustainable organisation that is 'fit for purpose' and that is acknowledged both as the recognised representative of the world of Welsh learning internationally and as a source of authoritative, scholarly and critical comment and advice to the National Assembly and other bodies on policy issues affecting Wales".*

With this in mind the Secretariat continues to support the following **Society's core activities**:

- Facilitating and servicing the year-long nomination and electoral process of new Fellows
- Servicing the 9 Scrutiny Committees (of 65 members in 2015/16), and the 12 associated scrutiny meetings
- Servicing the ballot for election of New Fellows
- Reviewing and updating procedures and guidelines for Lead Proposers, Scrutiny Committees and Referees
- Maintaining and updating the Society's database of Fellows
- Organising, arranging and marketing the Society's programme of lectures, awards, and outreach events
- Producing the Annual Report and Accounts and quarterly **InBrief** newsletters
- Maintaining and updating the Society's website following the recent re-development
- Progressing and developing the Society's Main Themes on 'Wales Studies'
- Progressing Society initiatives including this year the Royal Charter and Royal Title
- Providing comments and consultation responses on a number of government policy and other issues
- Raising and processing invoices and payments, purchase orders, processing expenses claims, monitoring and recording Fellows' Subscriptions and Admission fees payments and donations to the Fellows' Appeal
- Communicating with Fellows and adopting a higher profile with the media
- Relationship building: Improving connections between business and academia within Wales and the UK. Engaging on a regular basis with the Welsh Universities, the National Assembly for Wales, the Welsh Government, Welsh industry, and cognate organisations elsewhere in the UK and internationally
- Enhancing the public's understanding of science and culture issues (e.g. Menelaus Medal Lecture, the annual Edward Lluyd lecture, supporting Brain Games, Caradoc Evans Centenary conference)
- Establishing and servicing existing and new Medal awards (*Menelaus, Hoggan, Dillwyn and Hugh Owen*)
- Working in partnership with the Welsh Crucible - promoting early career research leadership
- Ensuring the financial security of the Society
- Preparing, typesetting and designing publications and marketing materials
- Servicing over 26 committee meetings (including Council) and the Annual General Meeting which includes a Fellows Dinner and this year an Awards Ceremony
- Monitoring, reviewing and administering nominations for the roles of President, Vice-Presidents, General Secretary and Treasurer and also the Council and Committee nominations
- Updating and maintaining the governance systems, procedures and documents including ensuring compliance with all relevant legislation including liaising with the Privy Council, Companies House, the Charity Commission and HMRC

#### **Staffing Levels**

Staffing levels as a proportion of Society Fellowship remains low compared to other UK national academies. The Society currently has a Chief Executive, part-time Clerk/Company Secretary, 2 Executive Officers and a part-time Finance/Administrative Officer.

The Society continues to depend on the generous in-kind support provided by the University of Wales for office accommodation, IT, Payroll, meeting space, internet, stationery, telephone and translation services.

## **Relationship Building**

Recognising the importance of communicating the Society's mission and benefits and also building relationships with a range of stakeholders, the Officers and Chief Executive have during the year devoted considerable time and energy to meeting representatives of a range of organisations. These included:

- Vice-Chancellors, Chairs of Council and other officers and staff of Welsh Universities
- Welsh Government senior civil servants
- Officers and representatives of other National Academies and Learned societies including HEFCW, British Academy, Royal Society, Techniquest, The Honourable Society of Cymmrodorion, Institute of Welsh Affairs, Denys Morgan, South Wales Institute of Engineers Educational Trust, University of Wales Press, Director of British Council Wales, The Office of HRH The Prince of Wales, the National Library, the National Eisteddfod, Welsh Crucible and Airbus.
- ALLEA membership: In April 2015, the Society was invited to apply to become the fourth (and final member representing national academies in the UK) member of ALLEA, the federation of All European Academies; the other UK members are the British Academy, the Royal Society and the Royal Society of Edinburgh. ALLEA currently brings together 60 Academies in more than 40 countries from the Council of Europe region. Member Academies operate as learned societies, think tanks and research performing organisations, self-governing communities of leaders of scholarly enquiry across all fields of the natural sciences, the social sciences and the humanities. The Society was formally admitted as an ALLEA member on 19 April 2016, at a meeting in Vienna.

In the last Society year, events were organised in collaboration with the Royal Society, the Academia Europaea, Public Health Wales and the InterAction Council, SWIEET 2007 (The South Wales Institute of Engineers Education Trust), the Coleg Cymraeg Cenedlaethol (a jointly-organised annual Welsh-medium lecture, Darlith Flynyddol Edward Lhuyd/The Annual Edward Lhuyd Lecture) and the Honourable Society of Cymmrodorion.

The Society's links with the University of Wales Press have resulted in the establishment and publication of a series of books on the 'The Scientists of Wales'.

## **Publications/Consultations**

During the year, the Society issued or contributed to a number of publications, all of which are available *via* the Publications page of the website (<https://www.learnedsociety.wales/our-publications/>) . These include:

- UK science communiqué on climate change
- The BBC in Wales
- Draft Wales Bill (2015)
- Hazelkorn Review
- Relationship between EU Membership and the Effectiveness of UK Science
- Research Excellence Framework Review (Stern Review)
- Women in STEMM in Wales
- HEFCW Budget 2016/17

**Further details of the Society's comments and submissions are available on the Society's website.**

In addition to the consultation responses listed above, the Society issued the following publications during the last year:

- The President's Annual Address
- Achievements and Future Ambitions: Learned Society of Wales 2010-2015 (November 2015)
- The Learned Society of Wales: The establishment and launch of Wales's first national scholarly academy (November 2015)
- The Menelaus Memorial Lecture (March 2016)
- Welsh Economic Review Special Edition (May 2016)

## Financial Review

The establishment of the Society and its operation during its first three years of existence (2010/11 to 2012/13) were made possible by generous, unrestricted, pump-priming support from the University of Wales. The University of Wales continues to provide further unrestricted funding to the Society during the accounting period, 2015/16 and has also in addition provided, *pro bono*, office space and other significant infrastructure support.

During 2015/16, the Society has also benefited from generous, unrestricted financial support for its core activities in the form of grants from all Welsh Universities. In addition, PricewaterhouseCoopers LLP generously provided audit services on a *pro bono* basis.

The Society also continues to derive income from subscriptions charged to Fellows and from admission fees charged to newly-elected Fellows. Total subscription income payable by Fellows during 2015/16 was £13,488 and income from admission fees was £3,300.

In June 2016 the Society's Council resolved to shift the invoicing point for the existing Fellows of the Society to the Financial year 2016/17, so future subscription invoices will fall within the appropriate Financial and Society year.

Subscriptions for the 46 newly-elected Fellows (including the admission fee) were raised in May 2016, as were invoices for those existing Fellows who pay by an annual standing order for the period April – July. Income from subscriptions for Financial Year 2015/16 therefore appear lower than in previous years, but this is the result of moving the income allocation to the financial year 2016/17.

Over and above the income received from grants from the Universities and from subscriptions and admission fees, during the year, the Society also received donations from Fellows amounting to £3,675.

The Society's accounts for the period from 1 August 2015 to 4 August 2016 will be presented to the Annual General Meeting on 17 May 2017. These accounts show that all but £4,000 of the Society's total incoming resources (£316,637) for the accounting period fell into the category of unrestricted funds. The Balance Sheet shows net assets amounting to £360,252 at the end of the period.

The Society's policy on reserves follows the practice adopted by other charities in this regard, namely to ensure that it retains in reserve at all times at least the equivalent of the cost of six months of staff salaries. Present funding levels enable the Society to operate at a fairly modest but still meaningful level, with the range of its activities growing gradually over time. The extent to which activities can be further developed over the coming years will depend to a large extent upon the level of additional funding the Society is able to secure over and above those that are already available.

The Council also recognise that it is necessary to diversify the Society's income sources and that other additional sources of funding are being explored, in order to enable the Society to develop its programme over the next few years. This includes the work of the Development Funding Committee.

During the reporting period (2015-16), the Society established a task and finish Funding Strategy Group, reporting to the Development Funding Committee with the purpose of *developing and leading a Funding Strategy for the Society and the establishment of a Campaign Board*. The funding strategy will help the society prioritise its fundraising efforts, identify and schedule fundraising opportunities, avoid duplication and make better use of fellowship resource and time by planning ahead and targeting particular funders.

A Campaign Board will be launched when all the necessary preparations have been put in place. The duration of the Campaign is unlimited, but will proceed in a series of phases, each with its own set of realistic objectives, time-scale and target income.

## Responsibilities of Council

Company law requires the Council to prepare financial statements for each accounting period (financial year) which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the period. In preparing those financial statements, the Council should follow best practice and:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *prepare the financial statements on the going concern basis unless it is not appropriate to assume that the company will continue on that basis.*

The Council is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable it to ensure that the financial statements comply with the Companies Act 2006. The Council is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members of the Council, who are Directors of the company for the purpose of Company law and Charity Trustees, for the purpose of Charity law, who served during the accounting period covered by this report are all listed on page 1.

## Declaration

In accordance with company law, as the company's Directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

PricewaterhouseCoopers LLP were re-appointed as the charitable company's auditors during the year.

This report has been prepared in accordance with:

- the *Statement of Recommended Practice: Accounting and Reporting by Charities*;
- the Charity Commissions guidance, *Charities and Public Benefit: an overview and PB1, PB2 and PB3* (16 September 2013), *The Advancement of Education for the Public Benefit* (December 2008, as amended December 2011); and the Public Benefit Requirement (September 2013)
- the provisions of the Companies Act 2006 relating to small companies.

The report was approved by the Council on 25 January 2017 and signed on its behalf by:



Sir Emry Jones Parry (President)



Professor John Wyn Owen (Treasurer)



Professor Peter William Halligan (Chief Executive)



Miss Gwen Lloyd Aubrey (Clerk and Company Secretary)

Date: 25 January 2017

## Auditors' Report

### *Independent auditors' report to the members of The Learned Society of Wales*

#### **Report on the financial statements**

##### **Our opinion**

In our opinion, The Learned Society of Wales' financial statements (the financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 4 August 2016 and of its incoming resources and application of resources, including its income and expenditure for the period 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 Companies Act 2006.
- What we have audited
- The financial statements, included within the Report and Accounts (the "Annual Report"), comprise:
- the balance sheet as at 4 August 2016;
- the statement of financial activities and the summary income and expenditure account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Annual Report. We have nothing to report in this respect.

##### **Other matters on which we are required to report by exception**

###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.

###### **Trustees' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

###### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies'

exemption in preparing the Trustees' Annual Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Jonathan Bound

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

26 January 2017

- a) The maintenance and integrity of The Learned Society of Wales website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Financial Activities

### Learned Society of Wales Limited

### Statement of Financial Activities (including Income & Expenditure Account) for the year ending 4 August 2016

	<b>Notes</b>	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Endowment Funds 2016 £	<b>TOTAL FUNDS 2016 £</b>	<b>TOTAL FUNDS 2015 £</b>
<b>Statement of Financial Activities</b>						
<b>Incoming Resources</b>						
Incoming Resources from Generated Funds:		-	-	-	-	-
Voluntary Income	2	304,163	4,000	-	<b>308,163</b>	290,160
Other Incoming Resources	3	12,474	-	-	<b>12,474</b>	1,668
Total Incoming Resources		<b>316,637</b>	<b>4,000</b>	-	<b>320,637</b>	291,828
<b>Resources Expended</b>						
Costs of generating voluntary funds:		-	-	-	-	-
Costs of generating voluntary income		-	-	-	-	-
Fundraising trading		-	-	-	-	-
Charitable activites		207,539	3,055	-	<b>210,594</b>	187,467
Governance costs		71,632	-	-	<b>71,632</b>	62,607
Total Resources Expended	4	<b>279,171</b>	<b>3,055</b>	-	<b>282,226</b>	250,074
<b>Net Incoming Resources</b>		<b>37,466</b>	<b>945</b>	-	<b>38,411</b>	41,754

All incoming resources and resources expended derive from continuing operations.

There is no material difference between the profit on ordinary activities for the financial year stated above and their historical cost equivalents.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

## Balance Sheet

**Learned Society of Wales Limited**

**Balance Sheet as at 4 August 2016**

	<b>Notes</b>	<b>£</b> <b>2016</b>	<b>£</b> <b>2016</b>	<b>£</b> <b>2015</b>
<b>Fixed Assets</b>				
Tangible Assets	8		<b>3,571</b>	950
<b>Current Assets</b>				
Debtors		<b>16,049</b>		44,979
Cash at bank and in hand		<b>374,459</b>		<b>308,700</b>
			<b>390,508</b>	353,679
Creditors: amounts falling due within one year	9		<b>(30,903)</b>	(29,864)
<b>Net Current Assets</b>			<b>359,605</b>	323,815
<b>Net Assets</b>			<b>363,176</b>	<b>324,765</b>
<b>Unrestricted Funds</b>				
General funds			<b>356,917</b>	319,451
<b>Restricted Funds</b>				
General funds			<b>6,259</b>	5,314
<b>Total Funds</b>	11		<b>363,176</b>	<b>324,765</b>

These accounts are prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities and the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The accounts were approved by the Council on 25 January 2017 and signed on its behalf by:

Sir Emry Jones Parry  
(President)

Professor John Wyn Owen  
(Treasurer)

Professor Peter William Halligan  
(Chief Executive)

Miss Gwen Lloyd Aubrey  
(Clerk and Company Secretary)

# Notes to the Accounts

## Notes forming part of the Financial Statements for the twelve months ended 4 August 2016

### Accounting Policies

- 1 The principal accounting policies are summarised below and have been applied consistently throughout the year and in the preceding twelve month period.

### Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006, Charities Act 2011, and the Statement of Recommended Practice: Accounting and Reporting by Charities, preparing their accounts in accordance with the Financial Reporting standard applicable in the UK, issued on 16 July 2014. As noted in the Structure, Governance and Management section on page 2, following the granting of Royal Charter status, the Society has begun the process of transitioning to a new charter body. The current charitable company will then become dormant. Given that the entire operations and net assets of the charity will be transferred and remain ongoing in the new charter body, it is considered appropriate to prepare the accounts using the going concern basis.

### Fund Accounting

- ( a ) Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

### Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- ( b ) i. Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.  
ii. Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

( c ) **Resources Expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage as set out in Note 4.

( d ) **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £1,000 are not capitalised. Depreciation is provided at rates calculated to write off the cost of each asset over its expected useful life, which in all cases is estimated at 4 years.

### Donated Services

The basis of the valuation used for donated services (Note 10) is as follows:

Serviced Office Space	- market value
Computing Support	- notional cost provided by supplying body
Venues for Meetings and Events	- market value
Professional Services	- market value

		2016	2015						
		£	£						
<b>2 Voluntary Income</b>									
General Grant from the University of Wales		<b>50,000</b>	75,000						
General Grant from Cardiff University		<b>43,000</b>	43,000						
Donated Services		<b>38,500</b>	29,040						
General Grant from Bangor University		<b>25,000</b>	25,000						
General Grant from Swansea University		<b>25,000</b>	25,000						
General Grant from University of Wales Trinity St David		<b>25,000</b>	-						
Other Grants for Activities		<b>20,200</b>	28,000						
General Grant from Cardiff Metropolitan University		<b>15,000</b>	-						
General Grant from University of South Wales		<b>15,000</b>	-						
Membership Subscriptions		<b>13,488</b>	46,395						
Grant from Welsh Government		<b>12,000</b>	-						
General Grant from Aberystwyth University		<b>10,000</b>	10,000						
General Grant from Glyndwr University		<b>5,000</b>	-						
General Grant from Open University		<b>4,000</b>	-						
Donations		<b>3,675</b>	5,800						
Membership Admission Fees		<b>3,300</b>	2,925						
		<b><u>308,163</u></b>	<b><u>290,160</u></b>						
<b>3 Other Incoming Resources</b>									
Gift Aid		<b>8,354</b>	-						
Bank Interest		<b>89</b>	51						
Miscellaneous Income		<b>4,031</b>	1,617						
		<b><u>12,474</u></b>	<b><u>1,668</u></b>						
<b>4 Total Resources Expended.</b>									
Notes	<i>Basis of Allocation</i>	<b>Public Policy</b>						<b>TOTAL</b>	<b>TOTAL</b>
		<b>Activities</b>	<b>Publications</b>	<b>Development</b>	<b>Governance</b>	<b>TOTAL</b>	<b>2015</b>		
		<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>£</b>		
<b>Costs directly allocated to activities</b>									
Travel	5	<i>Direct</i>	3,315	-	-	5,684	8,999	23,179	
Professional charges		<i>Direct</i>	-	-	-	4,144	4,144	4,058	
Supplies and services		<i>Direct</i>	35,402	7,105	276	8,768	51,551	55,052	
<b>Support costs allocated to activities</b>									
Staff costs	6	<i>Staff time</i>	96,747	17,591	17,591	43,976	<b>175,905</b>	134,411	
Administration		<i>Staff time</i>	3,758	1,879	939	3,269	<b>9,845</b>	12,680	
Premises		<i>Usage</i>	18,215	3,036	3,036	4,655	<b>28,942</b>	18,000	
Computing		<i>Usage</i>	1,136	284	284	1,136	<b>2,840</b>	2,694	
<b>Total Resources Expended</b>		<b><u>158,573</u></b>	<b><u>29,895</u></b>	<b><u>22,126</u></b>	<b><u>71,632</u></b>	<b><u>282,226</u></b>	<b><u>250,074</u></b>		

	2016	2015
	£	£
<b>5 Travel and Related Costs</b>		
Trustees and Members		
Travel	<b>3,313</b>	4,014
Accommodation	626	824
Subsistence	<b>1,082</b>	215
	<b>5,021</b>	5,053
Staff	<b>3,587</b>	3,450
Speakers & Guests	<b>391</b>	14,676
	<b>8,999</b>	23,179

No members of the Council received any remuneration during the year. Travel and related costs amounting to £1,823 were reimbursed to five members of the Council (Trustees) during the year.

## 6 Staff Costs

	£	£
Salaries	<b>155,531</b>	119,390
National Insurance contributions	<b>12,332</b>	10,513
Pension contributions	<b>8,042</b>	4,508
	<b>175,905</b>	134,411

One employee received emoluments of more than £60,000 during the year.

£60,000 - £69,999	<b>1</b>	<b>1</b>
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The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	Number	Number
Chief Executive	<b>1.00</b>	1.00
Clerk	<b>0.58</b>	0.23
Executive Officers	<b>2.39</b>	2.00
	<b>3.97</b>	3.23

## 7 Taxation

As a charity, the Learned Society of Wales is exempt from tax on income and gains falling within section 505 of the Taxes Act 1998 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen to the charity.

## 8 Tangible Fixed Assets

	£	£
<b>Office Equipment</b>		
<b>Cost</b>		
At 1 August 2015	<b>5,283</b>	4,171
Additions	<b>3,124</b>	1,112
Written Down	<b>(4,171)</b>	-
At 31 July 2016	<b>4,236</b>	<b>5,283</b>
<b>Accumulated Depreciation</b>		
At 1 August 2015	<b>4,333</b>	3,477
Charge for the period	<b>503</b>	856
Written Down	<b>(4,171)</b>	-
At 31 July 2016	<b>665</b>	<b>4,333</b>
<b>Net Book Value</b>		
At 1 August 2015	<b>950</b>	694
At 31 July 2016	<b>3,571</b>	<b>950</b>

## 9 Creditors: amounts falling due within one year

	£	£
Trade Creditors	<b>30,903</b>	29,864
	<b>30,903</b>	<b>29,864</b>

## 10 Donated Services

	£	£
Serviced Office Space	<b>24,480</b>	18,000
Venues for Meetings and Events	<b>9,100</b>	6,190
Professional Services	<b>3,500</b>	3,500
Computing Equipment	<b>1,420</b>	1,350
	<b>38,500</b>	<b>29,040</b>

## 11 Summary of Fund Movements.

Fund	Fund Balances brought forward		Income	Expenditure	Transfers	Gains and Losses		Fund Balances carried forward
		£				£	£	
<b>Unrestricted Funds</b>								
General Funds	319,451		316,637	282,095	-	-	-	<b>353,993</b>
<b>Restricted Funds</b>								
General Funds	5,314		4,000	3,055	-	-	-	<b>6,259</b>
<b>Total Funds</b>	<b>324,765</b>		<b>320,637</b>	<b>285,150</b>	-	-	-	<b>360,252</b>

Note: the restricted funds apply to grants from SWIEET2007, a funded Educational Trust with objectives relating to development and support in engineering education and training.

**For more information about the Society, contact:**

**The Learned Society of Wales**

**The University Registry**

**King Edward VII Avenue**

**Cathays Park**

**Cardiff CF11 1NU**

**029 2037 6976 / 029 2037 6954**

**email: [lsw@lsw.wales.ac.uk](mailto:lsw@lsw.wales.ac.uk)**

**or visit the Society's website: [www.learnedsociety.wales](http://www.learnedsociety.wales)**