

Welsh Language Act 1993

Accounts of the Welsh Language Board prepared pursuant to Schedule 1, Paragraph 12(2) of the Welsh Language Act 1993 for the year to 31 March 2002, together with the Report of the Auditor General for Wales thereon.

Presented pursuant to the Welsh Language Act 1993 Schedule 1, Paragraph 12(4)

Welsh Language Board**Accounts 2001-2002**

Cyfrifon Bwrdd Yr Iaith Gymraeg

Welsh Language Board Accounts 2001-2002

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Foreword

The Board's history and background statutory information

The 1993 Welsh Language Act established the Welsh Language Board on 21 December 1993. The accounts have been prepared by the Board under Schedule 1, Paragraph 12 of the Act in a form directed by the National Assembly for Wales with the approval of H M Treasury. Copies of this direction may be obtained from the Board's offices.

The Act gave the Board the function of promoting and facilitating the use of the Welsh language, to enable public bodies to prepare schemes in which effect may be given to the principle that, in the conduct of public business and the administration of justice in Wales, the English and Welsh languages should be treated on a basis of equality.

In order to achieve this, the Board has the following function:

1. Advising the National Assembly for Wales on matters concerning the Welsh language.
2. Advising persons exercising functions of a public nature on the ways in which effect may be given to the principle that, in the conduct of public business and the administration of justice in Wales, the English and Welsh languages should be treated on a basis of equality.
3. Advising those and other persons providing services to the public on the use of the Welsh language in their dealings with the public in Wales.

The Welsh Language Board's Annual Report as presented to the National Assembly for Wales under Schedule 1, Paragraph 13(1) of the 1993 Welsh Language Act contains information on the Board's activities for the year from 1 April 2001 to 31 March 2002.

Results and appropriations

The Welsh Language Board is a public body sponsored by the National Assembly for Wales. Total grant in aid provided by the National Assembly for Wales for the year 1 April 2001 to 31 March 2002 was £7,213,000. Of this amount, £168,000 was for capital expenditure. The surplus for the year was £7,000, which was taken to reserves.

Fixed assets

Note 8 to the balance sheet shows the changes in fixed assets during the year. In the Board's view, there is no material difference between the book value and market value of fixed assets.

Future developments

The Board's future aspirations are outlined in the annual report referred to above.

The main development looking towards the future, is the publication of the Culture Committee's report on the Welsh Language, and the Government's response to its recommendations.

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The quinquennial review of the Welsh Language Board undertaken by the National Assembly for Wales has been completed and a programme has been agreed to implement the review's recommendations.

Board members

The Board members during the year were:

| | |
|--------------------------|---------------|
| Rhodri Williams | Chairman |
| Dr Medwin Hughes | Vice-Chairman |
| Professor Colin Baker | |
| Gwyn Bartley | |
| Sue Camper | |
| Bethan Guilfoyle | |
| Gwawr Hughes | |
| Jeffrey Morgan | |
| Dr Arun Midha | |
| Rhiannon Walters | |
| Professor Colin Williams | |

Provision of information to and the consultation with employees

The Board recognises the importance of communication with all employees and keeping them informed of internal and external developments. The Board will continue to consult with staff representatives on any matter affecting terms and conditions of employment.

The Board's policy on recruitment is based on the ability of a candidate to perform the job. Full and fair consideration is given to applications for employment from the disabled where they have the appropriate skills and abilities to perform the job. If disablement should occur during employment, the Board would make every effort to maintain alternative employment and to ensure the availability of adequate retraining and career development facilities.

Payment of creditors

Creditors are paid within one month in accordance with *Government Accounting* and CBI settlement guidelines. In 2001-2002 99% of all non-disputed invoices were paid within one month.

Auditors

The accounts of the Welsh Language Board are audited by the Auditor General for Wales in accordance with Schedule 1, Paragraph 12(4) of the 1993 Welsh Language Act.

John Walter Jones,
Accounting Officer,
Welsh Language Board,
20 May 2002

Statement of the Board's and the Chief Executive's responsibilities

Under Paragraph 12(1) of Schedule 1 to the 1993 Welsh Language Act, the Welsh Language Board is required to prepare a statement of accounts in respect of each accounting year in a form and on the basis directed by the National Assembly for Wales with the approval of H M Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Board's state of affairs at the period end and its income and expenditure and cash flows for the year.

In preparing the accounts the Board is required to:

- observe the accounts direction issued by the National Assembly for Wales, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Board will continue in operation

The Accounting Officer for the National Assembly for Wales has designated the Chief Executive of the Welsh Language Board as the Board's Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances, and for the keeping of proper records, are set out in *The National Assembly for Wales Accounting Officers' Memorandum* issued by H M Treasury.

Statement on the system of internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Welsh Language Board's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting*.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the Board's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was put in place during the year ended 31 March 2002 and was in place at the date of approval of the annual report and accounts and accords with Treasury guidance. I expect to be in a position to issue a full statement for the financial year to 31 March 2003.

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. The Board has:

- full Board meetings six times a year to agree the plans and strategic direction of the Board (the Board comprises members appointed by the National Assembly for Wales' Minister for Culture, Sport and the Welsh Language)
- established a Management Team which meets fortnightly to consider internal management and administrative matters
- established a staff Policy Panel which meets regularly to consider the plans and strategic direction of the Board
- appointed a senior member of staff as Risk Manager
- received a report from the Chair of the Board's Audit Committee concerning internal control
- received regular reports by internal audit, to standards defined in the Governmental Internal Audit Manual, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Board's system of internal control together with recommendations for improvement
- arranged risk management workshops to identify the Board's objectives and risks - and determine a control strategy for each risk
- produced a risk management policy document, which has been sent to all staff, setting out the Board's attitude to risk to the achievement of its objectives
- allocated responsibility for action with regard to each risk, along with deadlines for action
- delivered risk management training to all Board staff and to the Chair of the Board's Audit Committee
- ensured that senior members of staff submit reports to the Chief Executive, confirming that they have taken appropriate steps to manage the risks for which they are responsible
- agreed to review the risk management policy document periodically.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Board who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

John Walter Jones,
Accounting Officer,
Welsh Language Board,
20 May 2002

The Certificate and Report of the Auditor General for Wales to the Members of the National Assembly for Wales

I certify that I have audited the financial statements on pages 6 to 16 in accordance with Schedule 1, Paragraph 12(4) to the Welsh Language Act 1993. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of the Board, the Chief Executive and Auditor

As described on page 3, the Welsh Language Board and Chief Executive are responsible for the preparation of the financial statements in accordance with the Welsh Language Act 1993 and National Assembly for Wales directions made thereunder and for ensuring the regularity of financial transactions. The Board and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Welsh Language Act 1993 and with the directions made thereunder by the National Assembly for Wales, and whether in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Board has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 4 reflects the Board's compliance with Treasury's guidance *Corporate Governance: Statement on Internal Control*. I report if it does not meet the requirements for disclosure specified by the 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 opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them. In forming my opinion, I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Welsh Language Board at 31 March 2002 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Welsh Language Act 1993 and directions made thereunder by the National Assembly for Wales
- in all material respects the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them

I have no observations to make on these financial statements.

John Bourn
Auditor General for Wales, National Assembly for Wales, Cardiff, CF99 1NA
23 May 2002

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Income and expenditure account
for the year to 31 March 2002

| | Notes | 2001/02 £000 | 2000/01 £000 | 2000/01 £000 |
|---|-------|-----------------|-----------------|-----------------|
| Gross income | | | | |
| Grant In Aid | 2 | 7045 | | 6,320 |
| European Communities grant | | 20 | | 29 |
| National Council for Education and Training for Wales | | 83 | | 36 |
| Release of government grant Reserve | 13 | 49 | | 53 |
| Operating income | | 21 | | 24 |
| Other income | 2 | 190 | | 36 |
| | | | 7,408 | 6,498 |
| Expenditure | | | | |
| Grants | 4 | 5,211 | | 4,685 |
| Other programme expenditure | 7 | 721 | | 515 |
| Salaries | 5 | 1,015 | | 913 |
| Administration | 6 | 407 | | 337 |
| Depreciation | 8 | 47 | | 53 |
| Notional interest on capital | 1(i) | 11 | | 9 |
| | | | 7,412 | 6,512 |
| (Deficit) on operating activities | | | | |
| Interest receivable | 3 | 20 | (4) | (14) |
| Amount payable to the National Assembly for Wales | | | (20) | (6) |
| Adjustment for notional interest on capital | 1(i) | | 11 | 9 |
| Retained surplus / (deficit) for the year | | | 7 | (5) |
| Statement of movement of general fund | | | | |
| General fund on 1 April 2001 | | | 32 | 37 |
| Retained profit / (deficit) for the year | | | 7 | (5) |
| | | | 39 | 32 |

All activities undertaken during the year are continuing.
There are no other recognised gains or losses reported in the period.

The notes on pages 9 to 16 form part of these accounts.

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Balance sheet at 31 March 2002

| | Notes | 2002 £000 | £000 | 2001 £000 | £000 |
|---|-------|--------------|------------|--------------|------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 215 | | 96 |
| Current assets | | | | | |
| Stock | 9 | 6 | | 6 | |
| Debtors | 10 | 143 | | 115 | |
| Cash at bank and in hand | | 123 | | 95 | |
| | | <u>272</u> | | <u>216</u> | |
| Creditors | | | | | |
| Amounts falling due within one year | 11 | (229) | | (181) | |
| Net current assets | | | 43 | | 35 |
| Provisions for liabilities and charges | 12 | | (4) | | (3) |
| Total assets less total liabilities | | | <u>254</u> | | <u>128</u> |
| Financed by: | | | | | |
| Capital and reserves | | | | | |
| Government grant reserve | 13 | 215 | | 96 | |
| General fund | | 39 | | 32 | |
| Government funds | | | <u>254</u> | | <u>128</u> |
| | | | <u>254</u> | | <u>128</u> |

The notes on pages 9 to 16 form part of these accounts.

John Walter Jones,
Accounting Officer,
Welsh Language Board
20 May 2002

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**Cash flow statement
for the year to 31 March 2002**

| | Notes | 2001/02 £000 | 2000/01 £000 |
|---|-------|-----------------|-----------------|
| Net cash inflow from operating activities | 16(a) | 10 | 3 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 20 | 6 |
| Interest surrendered to the National Assembly for Wales | | (20) | (15) |
| Capital expenditure | | | |
| Proceeds of fixed assets sold | | 4 | - |
| Payment to acquire tangible fixed assets | | (154) | (19) |
| Net cash (outflow) before financing | | (140) | (25) |
| Financing | | | |
| Grant In aid – capital | 2 | 168 | 20 |
| Increase / (Decrease) in cash | 16(b) | 28 | (5) |

The notes on pages 9 to 16 form part of these accounts.

Notes to the accounts
for the year to 31 March 2002

1 Accounting policies

(1.1) Accounting conventions

The accounts have been prepared under the historical cost convention. They have been prepared in accordance with the Accounts Direction issued by the National Assembly for Wales with the consent of the Treasury. Without limiting the information given, the accounts meet the accounting disclosure requirements of the Companies Act 1985 and accounting standards issued or adopted by the Accounting Standards Board, in so far as those requirements are appropriate to the Board.

(1.2) Finance

The Board receives grant in aid from the National Assembly for Wales subject to the Board satisfying the conditions and requirements as set out in the Financial Memorandum and such other conditions as the National Assembly for Wales may impose from time to time. Subject to the *Treasury's Fees and Charges Guide* the Board may receive income from other sources where this does not interfere with its main functions and is consistent with its Corporate Plan and Government policy.

(1.3) Government grants

- (i) The Board is mainly financed by grant from the National Assembly for Wales.
- (ii) Grants for operating activities have been credited as income during the period.
- (iii) Grants received for capital expenditure have been credited to a government grant reserve and relevant transfers are made to the income and expenditure account as the capital assets are utilised.

(1.4) Tangible assets and depreciation

Depreciation is provided on all tangible fixed assets on a straight-line basis over the expected useful life of the assets, as follows:

| | | |
|-------------------------------------|---|----------------|
| Office improvements and alterations | - | over 90 months |
| Office furniture | - | over 90 months |
| Office equipment | - | over 60 months |
| Computer equipment | - | over 36 months |

(1.5) Stock

The Board's stock of goods is included at the lower of original cost and net realisable value. There is no material difference between the historic and replacement cost of stock.

(1.6) Tax

The Board is not registered for Value Added Tax. Irrecoverable VAT is charged to the income and expenditure account or included in additions to tangible fixed assets, as appropriate.

(1.7) Pensions

Payment is made to the Paymaster General of such sums as may be appropriate as representing accruing liabilities of the Principal Civil Service Pension Scheme in respect of pensions and other similar benefits for persons employed by the Board and in respect of the administrative expenses attributable to the liabilities and their discharge.

(1.8) Provisions for redecoration

The Board is responsible for the redecoration of the leased offices every seven years. As this represents a contractual obligation, the Board has established a provision to cover the costs of future redecoration, as required by *Financial Reporting Standard 12*.

(1.9) Cost of capital

A notional capital charge reflecting the cost of capital employed is included in operating costs and calculated at 6% of average capital.

(1.10) Grants payable

Grants are charged to the Income and Expenditure Account in the period in which the activity that creates an entitlement is carried out. The Board has the right to reclaim the whole or part of the grant if the grant recipient breaks any of the conditions relating to the grant offer. Any such recoveries are credited to the account on receipt.

(1.11) Fixed asset revaluation

The Board has valued all fixed assets at historic cost, as any revaluation adjustments are, in the Board's opinion, not material.

2 National Assembly for Wales Grant In Aid

| | Current £000 | Capital £000 | Total £000 |
|------------------|-----------------|-----------------|---------------|
| 2001-2002 | 7,045 | 168 | 7,213 |
| 2000-2001 | 6,320 | 20 | 6,340 |

A special payment was made by the National Assembly for Wales to the Board in 2001-2 on behalf of Urdd Gobaith Cymru of £150,000 which has been classified as other income.

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3 Surrender to the National Assembly for Wales

The amount payable to the National Assembly for Wales was as follows:

| | 2001-2002 £000 | 2000-2001 £000 |
|---------------------|---------------------------------|-------------------|
| Interest receivable | <u>20</u> | <u>6</u> |

4 Grants

The following grants were payable under Section 3(3) of the Welsh Language Act 1993:

| | 2001-2002 £000 | 2000-2001 £000 |
|---|---------------------------------|-------------------|
| Grants for the promotion of Welsh education | 2,183 | 2,117 |
| Grants for the promotion of the language in general | 3,018 | 2,556 |
| Small Grants Scheme | 10 | 12 |
| | <u>5,211</u> | <u>4,685</u> |

A full list of all grants paid and payable is available from the office of the Welsh Language Board.

5 Staff and members' costs

| (a) | 2001-2002 | | | 2000-2001 | | |
|-----------------------|---------------|-----------------|---------------|---------------|-----------------|---------------|
| | Staff £000 | Members £000 | Total £000 | Staff £000 | Members £000 | Total £000 |
| Gross salaries | 755 | 89 | 844 | 673 | 86 | 759 |
| National insurance | 57 | 4 | 61 | 48 | 3 | 51 |
| Pension contributions | 105 | 5 | 110 | 93 | 10 | 103 |
| | <u>917</u> | <u>98</u> | <u>1,015</u> | <u>814</u> | <u>99</u> | <u>913</u> |
| (b) Average numbers | <u>32</u> | <u>11</u> | <u>43</u> | <u>31</u> | <u>11</u> | <u>42</u> |

Staff are employed within the Board as follows:

| | 2001-2002 | 2000-2001 |
|------------------------|------------------|-----------|
| Chief Executive's Team | 14 | 14 |
| Language Planning Team | 12 | 11 |
| Language Schemes Team | 6 | 6 |
| | <u>32</u> | <u>31</u> |

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The terms and conditions of staff employed are analogous to those of the National Assembly for Wales. The Board members were appointed on 1 April 2000 by the Assembly Minister for Culture, Sport and the Welsh Language.

- (c) The salary and pension entitlements of the Chairman and staff in the most senior positions, having authority or responsibility for directing or controlling the major activities of the Board, were as follows:

| Name and title | Age | Salary (as defined below) | Real increase in pension at 60 | Total accrued pension at age 60 at 31 March 2002 |
|---|-----|--------------------------------|--------------------------------|--|
| | | £000 | £000 | £000 |
| Rhodri Williams, Chairman | 45 | 25-30 | 0-2.5 | 0-5 |
| John Walter Jones, Chief Executive | 56 | 60-65 | 0-2.5 | 5-10 |
| Rhys Dafis, Team Leader Language Schemes | | Consent to disclosure withheld | | |
| Meirion Prys Jones, Team Leader Language Planning | | Consent to disclosure withheld | | |
| Enid Lewis, Senior Finance Officer | | Consent to disclosure withheld | | |
| Gareth Jones, Senior Administration Officer | | Consent to disclosure withheld | | |

The salary of the Chief Executive comprised of a gross salary of £58,992 (2000-2001: £57,274) and a non-pensionable bonus of £3,723 (2000-2001: £3,674). Other senior staff receive a gross salary only.

The Chief Executive and the Chairman are ordinary members of the Principal Civil Service Pension Scheme (PCSPS). The Chief Executive is employed on a fixed term contract for the period from 21 December 1998 to 20 December 2003. The Chairman was contracted to work 2 days per week, the other Board members being on a contract to work 2 days per month on a non-pensionable salary of £6,286 per year (2000-2001: £6,103). This is equivalent to grade 5 in the Civil Service pro rata the number of days.

None of the Board members or senior staff received any remuneration other than shown above or benefits in kind. The Board does not operate a car scheme.

(d) Pensions

Pension benefits are provided through the PCSPS to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. This is a statutory scheme, which provides benefits on a “final salary” basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years’ pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. Pensions increase in payment in line with the Retail Price Index. On death, pensions are payable to the surviving spouse at a rate of half the member’s pension. On death in service, the scheme pays a lump sum benefit of twice-pensionable pay and also provides a service enhancement on computing the spouse’s pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow (er) pensions.

PCSPS is a defined benefit scheme which is shared by several employers and as a result the employer’s share of the underlying assets and liabilities is not identifiable. Information about the existence of the surplus or deficit in the scheme and the implications on the employee are available from the annual pension scheme statement.

Contributions amounting to £ 110,000 (2000-2001: £103,000) were paid on behalf of staff and the Chairman to the Paymaster General for the year to 31 March 2002 at rates determined from time to time by the Government Actuary and advised by the Treasury. This ranged from 12% to 18.5% of gross pay for the year (2000-2001: 12%-18.5%).

(e) Gifts register

The Board also operates a gifts register. No item noted during the year is considered of material interest to these financial statements.

6 Administration

Administration expenses included:

| | 2001-2002 | 2000-2001 |
|--|------------------|-----------|
| | £000 | £000 |
| Auditors’ remuneration (external audit fee) | 10 | 8 |
| Auditors’ remuneration (other external audit work) | 1 | 1 |
| Travel, subsistence and hospitality | 55 | 40 |

7 Other programme expenditure

Direct expenditure relates to numerous projects undertaken by the Board’s teams, namely Chief Executive, Language Schemes, Language Planning. The projects are included in the operational plan for the year that is subject to approval by the National Assembly for Wales. Details of projects undertaken are included in the Board’s Annual Report.

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8 Tangible fixed assets

| | Office improvements and alterations £000 | Office furniture £000 | Office equipment £000 | Total £000 |
|-----------------------|--|-----------------------------|-----------------------------|---------------|
| Cost | | | | |
| 1 April 2001 | 107 | 85 | 182 | 374 |
| Additions | 3 | 18 | 147 | 168 |
| Disposals | - | (12) | (39) | (51) |
| 31 March 2002 | 110 | 91 | 290 | 491 |
| Depreciation | | | | |
| 1 April 2001 | 81 | 66 | 131 | 278 |
| Charge for the year | 7 | 12 | 28 | 47 |
| Disposals | - | (12) | (37) | (49) |
| 31 March 2002 | 88 | 66 | 122 | 276 |
| Net book value | | | | |
| 31 March 2002 | 22 | 25 | 168 | 215 |
| 1 April 2001 | 26 | 19 | 51 | 96 |

There were no contractual capital commitments at 31 March 2002.

9 Stock

| | 2001-2002 £000 | 2000-2001 £000 |
|---------------------------|-------------------|-------------------|
| Stock of goods for resale | 6 | 6 |

10 Debtors: amounts due within one year

| | 2001-2002 £000 | 2000-2001 £000 |
|---------------------------------|-------------------|-------------------|
| Deposit with the payroll agency | 72 | 72 |
| Grant receivable | 11 | 8 |
| Other debtors | 6 | 6 |
| Other prepayments | 54 | 29 |
| | 143 | 115 |

11 Creditors: amounts due within one year

| | 2001-2002 £000 | 2000-2001 £000 |
|---------------------|-------------------|-------------------|
| Operating creditors | 109 | 106 |
| Accruals | 112 | 75 |
| Receipts in advance | 8 | - |
| | 229 | 181 |

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12 Provision for liabilities and charges

| | 2001-2002 | 2000-2001 |
|------------------------------------|------------------|-----------------|
| | £000 | £000 |
| Redecoration provision at 1 April | 3 | 2 |
| Amount utilised in the year | - | - |
| Increase in redecoration provision | <u>1</u> | <u>1</u> |
| Provision at 31 March | <u>4</u> | <u>3</u> |

13 Government grant reserve

| | 2001-2002 | 2000-2001 |
|--|-------------------|------------------|
| | £000 | £000 |
| 1 April | 96 | 129 |
| Grant in Aid for the period - capital (see note 2) | 168 | 20 |
| Less: released to the income and expenditure account | <u>(49)</u> | <u>(53)</u> |
| 31 March | <u>215</u> | <u>96</u> |

14 Reconciliation of movement in government funds

| | 2001-2002 | 2000-2001 |
|---|-------------------|-------------------|
| | £000 | £000 |
| Funds at 1 April | 128 | 166 |
| Retained surplus / (deficit) for the year | 7 | (5) |
| Movements in the deferred grant account | <u>119</u> | <u>(33)</u> |
| Funds at 31 March | <u>254</u> | <u>128</u> |

15 Commitments under operating leases

At 31 March 2002 the Board was committed to making the following payments during the next year in respect of non-cancellable operating leases expiring:

| | 2001-2002 | | 2000-2001 | |
|----------------------------|---------------------------|-----------------|--------------------|-----------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £000 | £000 | £000 | £000 |
| Within one year | - | - | - | - |
| Between two and five years | - | 9 | - | 9 |
| After five years | <u>73</u> | - | <u>73</u> | - |
| | <u>73</u> | <u>9</u> | <u>73</u> | <u>9</u> |

The amounts above represent the annual charge for each lease. The rent of the Board's offices at Market Chambers, St Mary Street, Cardiff was subject to review on 21 December 1998. The outcome of this review has not yet been finalised. The other leases are for office equipment.

16 Notes to the cash flow statement

(a) Reconciliation of operating (deficit) to net cash flow from operating activities

| | 2001-2002 | 2000-2001 |
|---|------------------|-----------|
| | £000 | £000 |
| (Deficit) on operating activities | (4) | (14) |
| Depreciation | 47 | 53 |
| Profit on sale of assets | (2) | - |
| Notional interest charge | 11 | 9 |
| Increase of repairs provision | 1 | 1 |
| Release of government grant reserve | (49) | (53) |
| (Increase) in stock | - | (2) |
| (Increase) / Decrease in debtors | (28) | 15 |
| Increase / (Decrease) in creditors | 34 | (6) |
| Net cash inflow from operating activities | <u>10</u> | <u>3</u> |

(b) Analysis of changes in net funds during the period

| | 2001-2002 | 2000-2001 |
|-----------------------------|------------------|-----------|
| | £000 | £000 |
| Net funds at 1 April | 95 | 100 |
| Net cash inflow / (outflow) | 28 | (5) |
| Net funds at 31 March | <u>123</u> | <u>95</u> |

(c) Analysis of changes in financing during the period

See note 13 for movement in the deferred government grant reserve.

17 Contingent liabilities

There were no contingent liabilities at 31 March 2002.

18 Related party transactions

The National Assembly for Wales is regarded as a related party. During the year, the Welsh Language Board has had various material transactions with the National Assembly for Wales and the National Council for Education and Training for Wales one of its sponsored public bodies.

During the year, the Board was involved in transactions in which the following Board members declared an interest and which are considered material:

A grant of £668,000 was paid to Mudiad Ysgolion Meithrin. Mudiad Ysgolion Meithrin has a subsidiary company Cwmni Mabon & Mabli, Rhiannon Walters served as a director of this subsidiary company until 2 May 2001.

The Board paid a grant of £92,828 to Mentrau Iaith Myrddin. Medwin Hughes is a director of Mentrau Iaith Myrddin. Mentrau Iaith Myrddin allocated £5,000 to Menter Bro Dinefwr of which Rhiannon Walters was vice-chair until 11 September 2001.