



# colegsirgâr

**COLEG SIR GÂR**  
(a company limited by guarantee)

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2016**

**Company registration no : 8539630**

**Charity registration no : 1152522**



# COLEG SIR GÂR

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# COLEG SIR GÂR

## PUBLIC BENEFIT STATEMENT

Coleg Sir Gâr is a registered charity (charity registration number: 1152522). The members of the Board of Directors, who are trustees of the charity, are disclosed in the Directors' Report on page 18.

In setting and reviewing the College's strategic objectives, the Board of Directors has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

### ***Charitable Objectives***

The College's objective is to provide, for the public benefit in the United Kingdom and elsewhere, further and higher education and (subject to any consultation with any relevant local authority) secondary education (as defined in each case in section 18(1) of the Further and Higher Education Act 1992 (or any replacement thereof).

The College is well aware of its public benefit responsibility and, therefore, ensures that this is at the heart of all its operations and services.

### ***Fulfilment of the charitable objectives***

#### **Beneficiaries**

The beneficiaries are appropriate to the aims as the students in the further, higher and secondary education sector (a sufficient sector of the public to meet the public benefit test) are the direct beneficiaries.

Coleg Sir Gâr is a college of further and higher education based in Carmarthenshire in South West Wales. The college has five campuses within the county: Llanelli (Graig campus); Ammanford; Llandeilo (Gelli Aur campus); and Carmarthen (Pibwrlwyd and Job's Well campuses). Currently the College has approximately 9,000 students enrolled on a range of courses including A Levels, Vocational Awards, Certificates and Diplomas, Higher National Certificates, Foundation Degrees and Degree programmes.

To deliver these courses, the College employs circa 750 teaching and support staff. The courses, students and staff are all located within one of 8 curriculum areas. The success of the College's students highlights the benefits of the range of effective partnerships maintained by the College.

The excellence of the College's partnership with the Carmarthenshire 14-19 Learning Network has been recognised with the achievement of a UK Beacon Award. The College's partnerships with industry are of significant importance and relationships with the construction industry have been recognised by an all Wales and UK Regional National Training Award.

In addition to College based provision, the College is also a significant work based learning provider with an extensive range of Traineeship and Apprenticeship programmes in a wide range of industrial sectors. The College has invested heavily over the last decade to provide students with the best possible learning environment. This has allowed the College's students to access excellent facilities and resources. The College also prides itself on being a caring and safe college, at all times putting the interests of the students first.

#### **Admissions policy**

The College operates a flexible and inclusive admissions policy, and provides for differentiation and individual needs in the design of its learning programmes. Some programmes have specific entry requirements which are reviewed annually and published in the College prospectus.

# COLEG SIR GÂR

## PUBLIC BENEFIT STATEMENT (continued)

### Student Support/Bursaries/Scholarships

Students at the College are entitled to apply for various packages of support and funding in the same way as anyone studying in further or higher education in Wales.

Further education students between the ages of 16 and 19 can apply for the Education Maintenance Allowance, and students who are aged 19 or older can apply for an Assembly Learning Grant. Other bursaries are also available within the College for further and higher education students subject to eligibility.

Financial Contingency Funds are also available within the College which students can apply for to support their studies.

### Widening Participation

The College has a comprehensive and broad range of academic and vocational education and training programmes. These range from pre-entry to graduate level, providing a service to the whole learning community. It offers further education, adult and community learning, higher education and work-based learning. It also provides for large numbers of 14-16 school pupils who attend the College or are taught by College staff at their schools. The College delivers across five campuses, at various community locations, in the workplace and online.

### Community Engagement

The College offers other facilities which are available to staff, students and members of the public.

By order of the Board

Signature ..... 

Date: 1/12/16 .....

Mr Roger Evans  
Director

# **COLEG SIR GÂR**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016**

The directors present their strategic report for the year ended 31 July 2016.

### **Mission**

The College's mission as approved by the Board is:

'To be excellent – the College of choice'

### **Background**

In 1992, Parliament passed the Further and Higher Education Act as a result of which all former institutions of further education (where the total full-time, block release and part-time day release student enrolments in the 1990 FESR amounted to at least 15 per cent of the College's student load) and all existing sixth form institutions were incorporated into a new sector. These financial statements are for the twenty-first accounting period of the Institution following incorporation on 30 September 1992, although the Corporation did not become an independent Institution until 1 April 1993 (vesting day). In addition they are the nineteenth set of accounts prepared for a conventional twelve-month period following the amendment of the financial year end during 1993/94.

On 1 August 2013 the Coleg Sir Gâr Further Education Corporation (Dissolution) Order 2013 came into force. This order dissolved the further education corporation previously established and transferred all of its properties, rights and liabilities to the new Coleg Sir Gâr Company. The Coleg Sir Gâr (Designated Institutions in Further Education) Order 2013 came into force on the same day establishing a new College conducted by a registered company, limited by guarantee. This new Coleg Sir Gâr company is a wholly owned subsidiary of University of Wales: Trinity Saint David

### **Principal activities**

The principal activities of the College are the provision of further education, higher education, work based learning, professional training, consultancy and the delivery of Government initiatives to industry.

Coleg Sir Gâr is a large, multi-site, Further Education College. It has approximately 9,000 learners of which some 3,000 are full time and 6,000 are part time. There are approximately 900 higher education learners.

The College is based in South West Wales and has five main campuses at Llanelli (Graig), Carmarthen (Pibwrlwyd and Jobs Well), Ammanford and Llandeilo (Gelli Aur). It also offers its provision online, via partnerships at community locations and in the workplace. Campuses vary in size and nature and offer a variety of subjects.

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)

### Principal activities (continued)

The College has a comprehensive and broad range of academic and vocational education and training programmes. These range from pre-entry to graduate level, providing a service to the whole learning community. It offers further education, adult and community learning, higher education and work based learning. It also provides for large numbers of 14-16 school pupils who attend the College or are taught by College staff at their schools.

The College has an annual turnover of around £30m and employs circa 750 staff. Of these, 400 are directly involved in teaching and 350 in support and administrative functions

### The County

Carmarthenshire is a predominantly rural county with a chain of market towns providing the focus of activity. Carmarthen is the county town with a strong retail sector and relatively large local government, health, and administration population.

The south east of the county has historically been associated with heavy industry and is the most densely populated part of the county, with Llanelli being the largest settlement. Whilst some large key employers remain in this part of the county, the economy has sought to diversify into light engineering and new technology industries.

The Index of Deprivation shows that there are concentrated areas of educational deprivation, employment deprivation and, consequently, multiple deprivation in South West Wales. Carmarthenshire has proportionally higher levels of inactive individuals in comparison to Wales and the UK.

### Strategic Vision

**Our culture:** to be an innovative bilingual College where excellence is achieved and the wellbeing of our learners and staff is at the heart of everything we do.

**Our service:** to be a College within the Dual Sector University, rooted in our community, that works in partnership with key stakeholders and offers an inspirational curriculum and learner experience.

**Our delivery:** to achieve innovation and excellence in teaching and learning, that facilitates skills development, progression and employment for our learners.

**Our resource:** to provide and invest in resources to achieve excellence for learners and staff, while ensuring a strong financial performance.

# **COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)**

## **Strategic Aims**

### **Our Culture**

- To ensure learners are the focus of our College.
- To inspire our learners and provide them with an enjoyable and life enriching experience.
- To be a safe and caring College, that promotes equality and diversity, supporting learners from a wide range of backgrounds, ages and ability.
- To promote a culture of respect, environmental awareness and an ethos of global citizenship.
- To promote the Welsh language, a Welsh ethos and a bilingual culture within our College.

### **Our Service**

- To achieve excellent results, progression and employment for our learners.
- To develop learners' skills up to world class standards.
- To deliver a broad range of services, inclusive of 14-19, FE, HE, WBL, ACL, international and commercial training.
- To be responsive to stakeholder needs and contribute to regeneration.
- To develop and sustain effective employer engagement and value adding partnerships.
- To contribute fully to the UWTSD Group, for the benefit of all our learners.

### **Our Delivery**

- To achieve and value excellence in Teaching and Learning.
- To achieve innovation and excellence in all our activities.
- To provide inspirational leadership and governance.
- To secure the highest levels of motivation and team working.
- To ensure access to high quality information to inform our decision making.
- To maintain clarity in communication and consistency in policy, procedure and practice.

### **Our Resource**

- To value and invest in our staff.
- To promote a safe and healthy learning and working environment.
- To create an inspiring physical resource, that embraces modern technology and provides excellent learning and social experiences.
- To minimise the environmental impact of our physical resource.
- To secure diversified income streams.
- To achieve value for money and financial surpluses in order to re-invest in the future of our learners.

# **COLEG SIR GÂR**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 31 JULY 2016 (continued)**

#### **Financial Performance and Objectives**

The College's financial objectives are:

- to achieve an annual operating surplus and positive cash flow
- to diversify income streams and reduce reliance on core funding
- to generate sufficient levels of cash to support the asset base of the College
- to ensure a healthy short term liquidity position
- to fund continued capital investment

The Statement of Comprehensive Income for the period is set out on page 28. The highlights for the period in relation to these are detailed below.

- Total income for the period has decreased to circa £30 million (2015: £31 million). Maintaining a significant level of turnover reflects the continued success of the College at further and higher education. Fluctuations in turnover are inevitable, and can be greatly influenced by the level of project work undertaken.
- Staff costs as a percentage of total income decreased from 65% to 63% (2015 included £1.1 m of redundancy costs). The average number of staff employed decreased by 10%. Other operating expenses decreased as a percentage of total income from 33% to 28%.
- The surplus for the year was £970,000 (2015: £2,013,000 loss).
- The liquidity position remains satisfactory, with the ratio of short-term assets to creditors falling due within one year standing at 2.2 (2015: 2.1).
- Net assets have decreased from £12.5 million to £9.2 million. Net assets, excluding defined benefit obligations have increased from £21.1 million to £22.7 million. Note that, under Financial Reporting Standard 102, deferred capital grants (which previously were recognised as part of reserves) are now held as creditors which greatly reduces the net asset position. For further details on the new accounting standards under which these financial statements are prepared, see the Statement of Principal Accounting Policies and Estimation Techniques on page 33.
- Specific capital grants were applied in line with the College's Strategic Plan towards enhancing effectiveness and providing a quality learning environment.
- The provision for enhanced pensions was reviewed during the period and the balance required at 31 July 2016 has been estimated at £772,000 (2015: £767,000).

#### **Treasury policies and objectives**

Treasury management is the management of the College's cash flows, banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.



# **COLEG SIR GÂR**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 31 JULY 2016 (continued)**

#### **Cash flows, liquidity and reserves policy**

At £2.5 million the net cash flow from operating activities was reasonably strong in 2016, and drove the overall increase in cash balances of £1.6m (from £4.7m to £6.3m). The College wishes to continue to accumulate cash balances to fund future planned capital developments. To achieve this, the College has continued its drive for efficiency in the education and training it delivers. This has been, and will be, achieved by thoroughly reviewing its curriculum provision, effective deployment of resources, and best value procurement of goods and services. In addition, the College continues to seek and develop other sources of income. Significant re-investment into the College estate and plant and equipment ensures that learners have quality provision to aid in their educational process.

#### **Curriculum Development and Enrichment**

There is a wide-ranging curriculum that meets learners' aspirations. The curriculum is broad, flexible, coherent, and facilitates progression. It is offered in a variety of modes to suit learners' needs. There is a strong vocational focus and all Sector Subject Areas are represented at the College.

The curriculum is formulated and reviewed in partnership with the College's consultative groups, Sector Skills Councils, 14-19 networks, the ACL Group, University of Wales: Trinity Saint David, industry, business and local employers. This is supplemented using skills observatory data provided through the Regional Learning Partnership. The College has a Curriculum and Quality Committee, reporting to the Board's Advisory Body for Curriculum and Standards. This provides a focus for discussion on curriculum and quality policy and development matters.

The curriculum ranges from pre-entry to graduate level, providing a service to the whole learning community. The College offers further education, adult and community learning, higher education, work-based learning, online learning and commercial training. The College also provides for large numbers of 14-19 school pupils who attend the College or are taught by College staff at their schools.

A range of options are available at all levels which offer diversity and choice to learners. The County's Youth Access programme also provides a full time alternative curriculum for learners at the College who have had difficulty in, or have been excluded from, local schools. Almost the entire curriculum offered by the College is accredited, providing opportunities for learners to attain formal qualifications.

A range of further accredited provision is provided to learners to support learning. Learners also engage in a wide range of activities that enrich their study including work-related experiences, live projects, educational visits, overseas visits, environmental work, visiting speakers, community arts, voluntary work and fundraising.

#### **Partnership and Transformation**

The College has excellent partnership arrangements which contribute to an enhanced curriculum and learning experience.

From 1 August 2013, the College became part of the University of Wales: Trinity Saint David group, maximising opportunities for learners and sharing information, expertise and resources.

Through partnerships within the education authority and with local partner schools (over 20 schools), the breadth and volume of vocational opportunities for 14-19 students is excellent. This has been recognised with national awards and through Estyn inspections.

# COLEG SIR GÂR

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 JULY 2016 (continued)

#### Partnership and Transformation (continued)

Education and employer links are excellent and in some areas the partnerships are sector-leading. Examples of sector-leading partnerships include the College's long and fruitful collaboration with Carmarthenshire Construction Training Association Ltd (CCTAL), where the development of the Pathways to Apprenticeship programme and the Shared Apprenticeship programme have been delivered effectively, creating job opportunities and career paths to talented construction students whilst meeting the resource needs of construction companies in the local area. In addition:

- The College has made a significant contribution to the South West Wales Regional Learning Partnership and to the Local Service Board (now Public Service Board).
- Very good partnerships exist with Pembrokeshire College, other FE colleges and a number of other private training providers in the delivery of Work Based Learning (WBL) through the B-WBL Consortium.
- A significant strategic partnership to deliver WBL to TATA has been supported.
- Long standing relationships are continuing with Carmarthenshire County Council in the delivery of Adult and Community Learning.
- Close working relationships exist with the LEA Youth Service and local schools to offer support and courses to learners who are at risk of becoming NEET (Not in Employment, Education or Training).
- Excellent partnership working has been achieved with the Scarlets and the National Botanical Gardens Wales, both of which act as centres for delivery.
- The College is well represented by members of the executive and College management team on a range of national networks; Adult and Community Learning; 14-19 Network; Colegau Cymru and Welsh Government.
- Excellent sporting academies in rugby, football and netball provide opportunities for learners at elite levels. These opportunities have resulted from working partnerships with the Welsh Rugby Union; Scarlets; Llanelli RFC, Swansea City AFC, Wales Football Trust, and the Welsh Netball Association. The College has 'Focus College' status for Football.

#### Quality and Standards

The College underwent its last Estyn Inspection in 2013 and achieved the following successful outcomes:

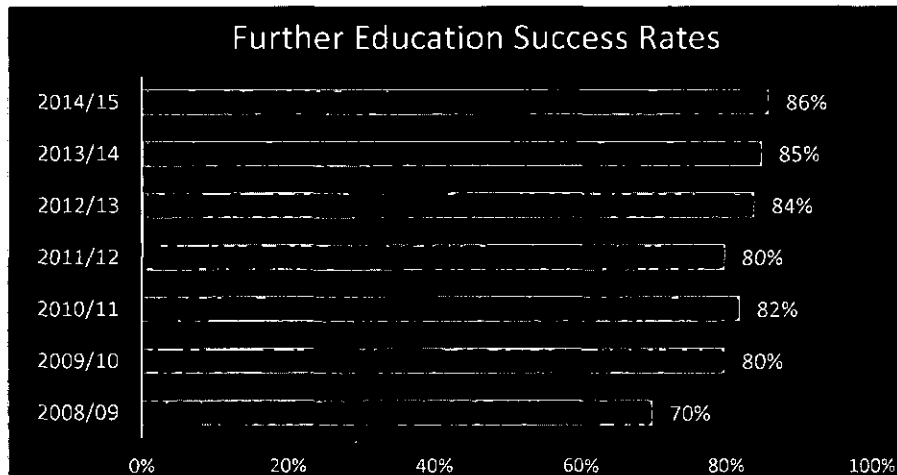
The provider's current performance	Good
The provider's prospects for improvement	Good

In particular, its development of literacy was highlighted as good practice.

# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)

## Further Education performance measures

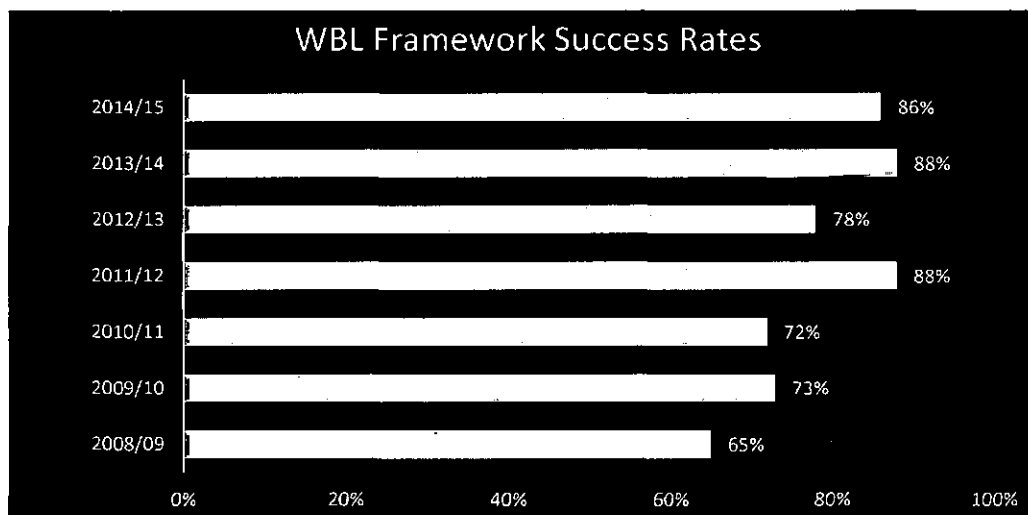
The College's performance in 2014/15 was good overall, with an increase in successful completion of 1% to 86% (national comparator at 86%). This demonstrates a positive long term upward trend from 70% in 2008/09 (national comparator at 76%).



In comparing the success rates for the 20 Sector Subject Areas (SSAs) against national comparators for 2014/15, eight are above the national comparators, two at the national comparator and ten SSAs are below their national benchmark. Improving these inconsistencies in success rates has become a strategic target for College improvement.

## Work-Based Learning

The work-based learning success rate in 2014/15 was good at 86% (national comparator 84%), although a 2% decline on 2013/14. Improving consistency and standards in work-based learning continues to be a strategic target.



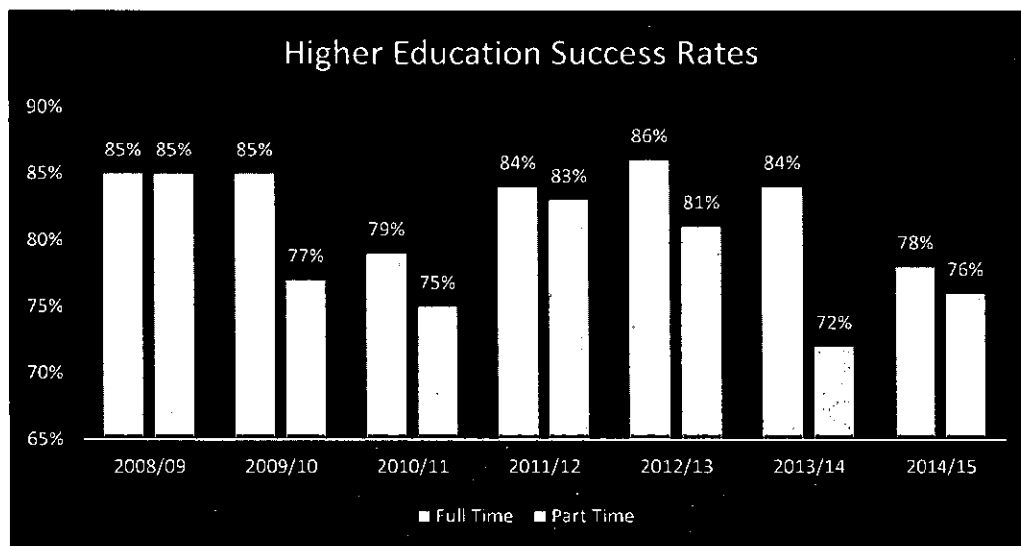
# COLEG SIR GÂR

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 JULY 2016 (continued)

#### Higher Education

Full time higher education success rates in 2014/15 resulted in an unusual decline at 78% (6% compared to 2013/14), whilst part time success increased by 4% to 76%. The College will continue to monitor its trends in performance and strive towards continuing to improve its standards at the higher education level.



#### Quality of Teaching and Learning

The quality of teaching and learning continues to improve. The College was awarded the ColegauCymru/ CollegesWales Award for Teaching and Learning in 2014. The award recognised that teachers: -

- Have excellent relationships and provide very good support to all learners and display a vast range of knowledge and display excellent technical skills in their subject areas;
- Plan their lessons effectively;
- Set clear and measurable aims and objectives;
- Use a good range of teaching strategies and resources to complement learning activities;
- Provide appropriate opportunities for development of literacy and numeracy in their lessons; and
- Use a range of summative assessment strategies to good effect and provide constructive oral and written feedback

During 2015/16, the College launched its new 'Professional Development Excellence Pathways' initiative and did not undertake formal classroom observations during this period. This will be re-introduced in 2017/18.

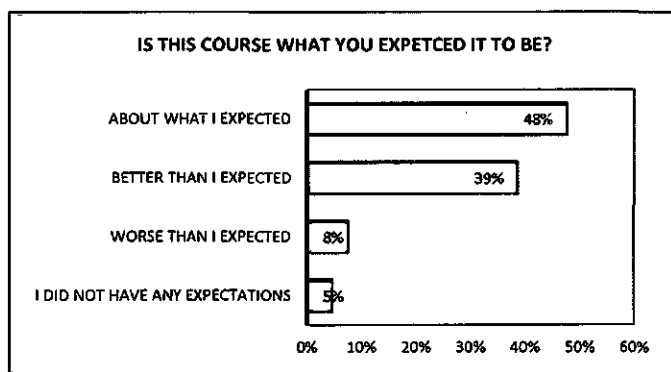
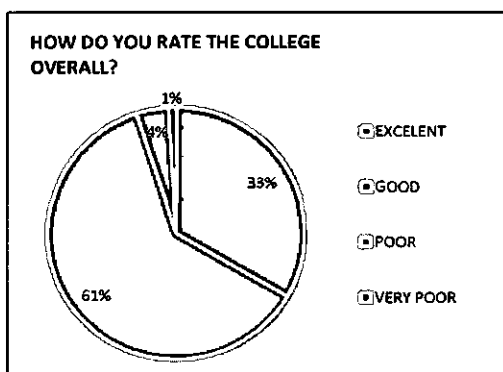
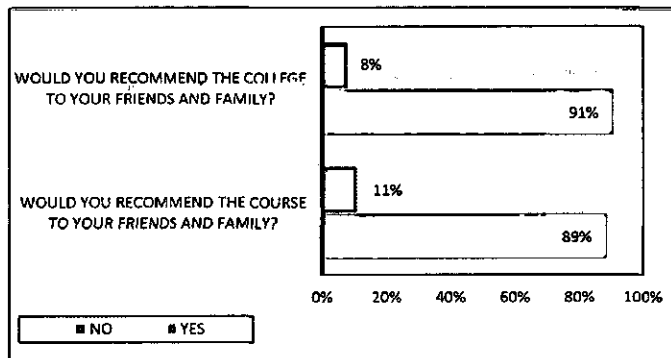
The College's Teaching and Learning Mentor provides excellent support and tailored training to new members of staff, PGCE students and those teaching staff who need support with aspects of their work. Excellence in teaching is highly valued and celebrated through an annual teaching and learning award ceremony.

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)

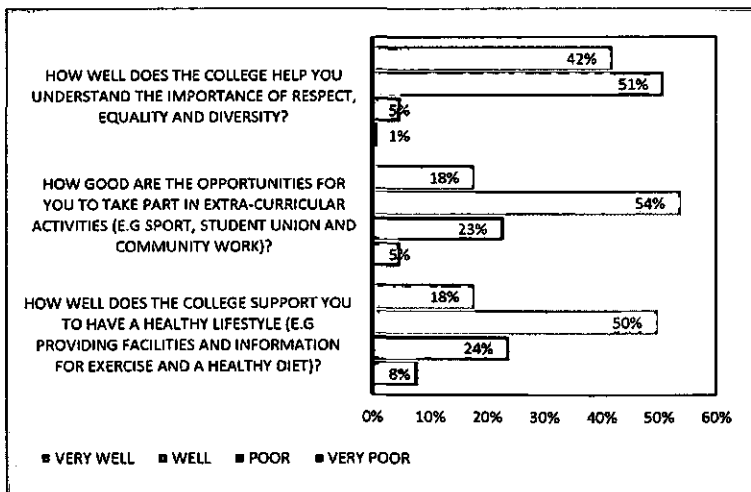
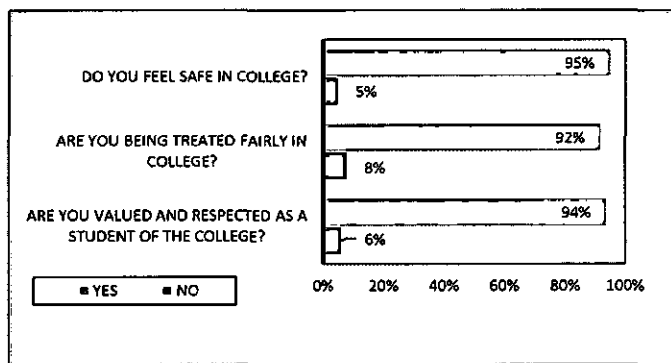
### Learner Voice (Further Education)

Learner Voice is an integral process within the College's annual quality improvement calendar. Learner perception of the College remains positive, with 91% of learners that responded to the 2016 learner survey stated that they would recommend the College to others. 94% of respondents rated the College as being good or excellent.



### Health and Wellbeing of Learners

The College is committed to providing a healthy environment to improve the wellbeing of all students and staff. Learners feel valued, safe and are treated fairly. Through the Learner Voice process and internal inspections, learners have identified no issues or concerns regarding health and safety at the College.



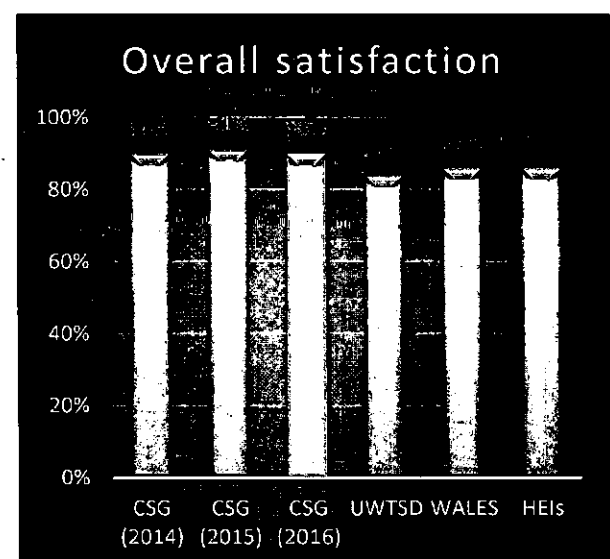
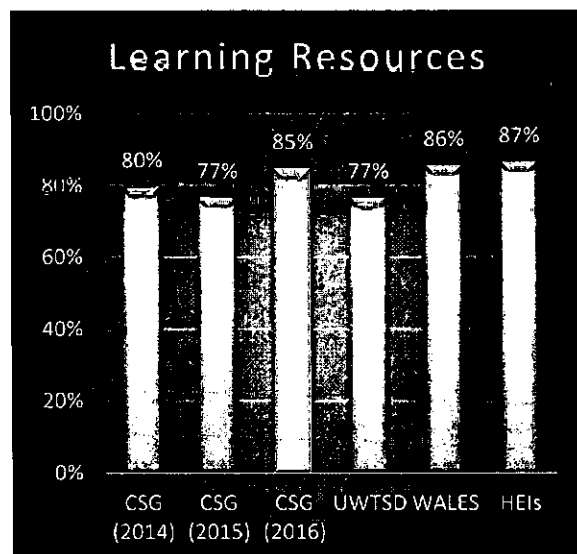
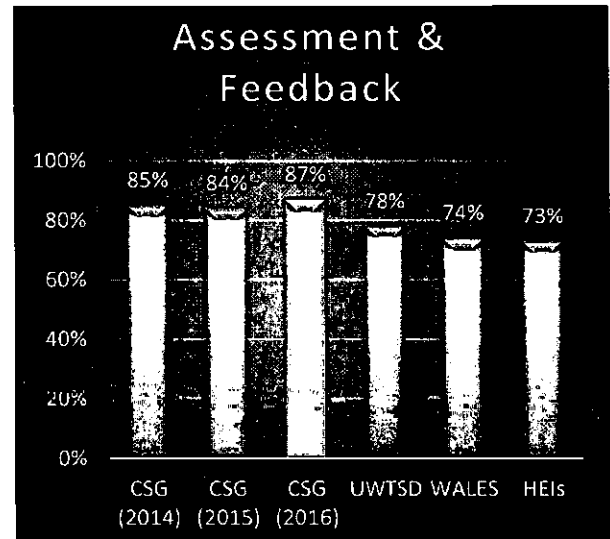
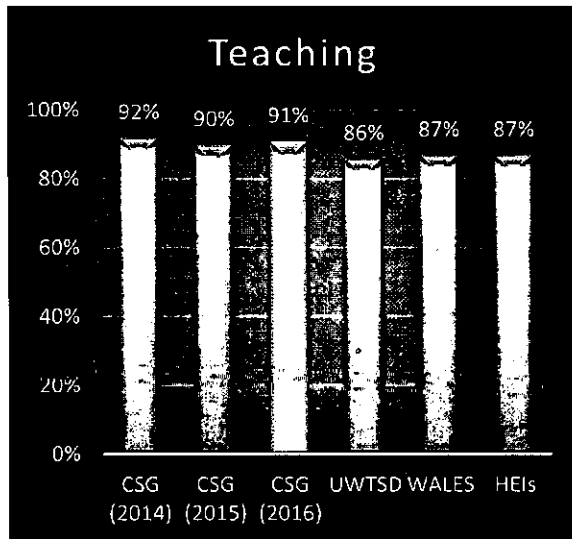
The College has implemented an excellent 'Respect' campaign to promote an ethos of tolerance, equality and diversity across all campuses. The campaign has effectively raised awareness among learners and staff through a wide range of media and activities that are prominently displayed throughout the campuses.

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)

### Learner Voice (Higher Education)

Higher education learners in their final year of study have responded positively to their teaching, learning and overall experiences whilst studying at the College. The results continue to compare positively within the Group and other higher education institutions.



# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)

## Capital Investment and Accommodation

The College was invited to bid into two funds made available by Welsh Government in 2015-16 under the 21<sup>st</sup> Century Schools and Education Programme; namely:

- 1) Capital Investment
- 2) Skills Equipment and Information Technology

The College received outline approval for an award of £1.5m under the Capital Investment initiative and is proposing to develop a specialist centre for Performance and Sport Science at its Graig campus in 2016-17. A full business case is being developed for Welsh Government. The College is planning to provide match funding up to the value of £1.7m, using cash reserves to achieve this.

Under the second Initiative, the College was awarded £966k to fund a wide range of industry standard equipment and to update key elements of its IT infrastructure. All expenditure must be completed by 31 March 2017.

## Carmarthen School of Art

In 2015-16, the College refurbished a bespoke building at its Pibwrlwyd campus to create a second site for Carmarthen School of Art. This site focuses on the 14-19 market with BTEC programmes ranging from Level 1-3 on offer in Art, Design and Fashion.

Existing provision at the Graig campus has been relocated to Pibwrlwyd, with the aim of growing this provision as a feeder provision for higher education at Carmarthen School of Art's first site at the Job's Well campus. This initiative also supports the move of S4C to the town and the creation of Carmarthen as a significant creative hub in Wales.



# **COLEG SIR GÂR**

## **STRATEGIC REPORT**

### **FOR THE PERIOD ENDED 31 JULY 2016 (continued)**

#### **The Future**

The College sees a strong future for itself as part of the merged University of Wales: Trinity Saint David ("UWTSD") group and has made a commitment to continuing to offer a strong further education provision across the county.

A number of key challenges face the College over the next few years, including:

- Continuing its improvement in learner outcomes
- Improving teaching and learning
- The universal adoption of the Welsh Baccalaureate Qualification
- Developing more Welsh medium provision
- Realising the benefits from merger for learners, staff and the wider community
- Developing a diversified curriculum portfolio across a range of sectors
- Developing more commercial training and international work
- Developing strategies to cope with reductions in further education funding
- Improving and developing its estate in partnership with UWTSD and the County Council

#### **Principal Risks and Uncertainties**

The College operates a strong risk management and internal control framework as described in the corporate governance statement below. This is supported by a specific risk management programme.

The Audit and Risk Management committee undertakes a comprehensive review of all the potential risks facing the College, which are then recorded on the College's risk register and scored in accordance with a set matrix which identifies the likelihood or probability of these risks occurring, and the potential impact on the College if they materialise. The committee must then identify systems, procedures and controls which can be put in place to mitigate the risks in order to reduce the risks to a manageable or acceptable level.

Risk management is a topic covered at each meeting of the Audit and Risk Management committee, which reports its findings periodically to the Board.

An annual review is undertaken to ensure the effectiveness of the risk management system and any weaknesses identified are corrected.



# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)

### Principal risks and uncertainties (continued)

Outlined below are some of the principal risks facing the College for the foreseeable future. Not all of the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

#### 1. Reduction in government funding

The College relies on government funding, and the current climate is such that there are continuous pressures on this income stream. The Department for Education and Skills, the College's primary funding body, have indicated that there could be significant cuts to the core funding in future.

This risk is mitigated in a number of ways:

- Concerted effort, drive and focus on creating a more diversified income base;
- Specific focus on quality to ensure a high standard of delivery in all education and training endeavours;
- Increasing the intake of higher education students. The College already offers a significant higher education provision and believes that there is a potential to grow;
- Working closely with the UWTSD group to harmonise operations and remove duplication with a view to reducing costs;
- The operation of a Business Development Unit which has a primary objective of building a sustainable commercial income stream that is not reliant on government funding;
- Focusing on priority sectors which are likely to continue to attract public funds;
- Growing and developing the College's work-based learning provision; and
- Building partnerships with schools and business

#### 2. Failure to recruit and retain students

Demographics and a changing environment in which competition is perceived to be intensifying will invariably make it more difficult to recruit and maintain student numbers. This could have an impact on all areas of funding.

The risk is mitigated as follows:

- Partnership working with schools;
- Focused marketing effort;
- Diversified income streams;
- Partnership with local businesses and other relevant bodies;
- Ensuring high quality delivery of education and training;
- Learner support structures to ensure learners are supported for the whole journey;
- Focus on progression through the levels.

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2016 (continued)


### Key Performance Indicators

The College is pleased to confirm that the target of breakeven before defined benefit obligation costs has been surpassed with an actual surplus before defined benefit obligation costs of £1,579,000. The surplus for the year after defined benefit obligation costs is £970,000, with non-cash adjustments being £609,000.

Student numbers remained buoyant and the College achieved the target of securing all of the core further education funding available for the period.

The College continues to achieve high standards of quality for its teaching and learning function, and received a good Estyn report in May 2013. Similarly, National Student Survey reports indicate a high level of student satisfaction.

This report was approved by the board on 7/12/2016 and was signed on behalf of the board by:

Signature ..... 

Date: ..... 7/12/16

Mr Roger Evans  
Director

# COLEG SIR GÂR

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2016

The directors present their report and the audited consolidated financial statements of the Company for the year ended 31st July 2016.

#### Results and future developments

The results for the year, strategy and future developments of the Company are set out in the Strategic Report on pages 4 to 17.

#### Dividends

The Company is limited by guarantee. No dividends have been paid or are recommended for the year ended 31st July 2016.

#### Professional advisers

External auditor: KPMG LLP, Cardiff  
Internal auditors: Mazars LLP, Bristol  
Bankers: Barclays Bank Plc, Llanelli  
Solicitors: Eversheds, Hepworth & Chadwick, Cardiff

#### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

<u>Directors</u>	<u>% attendance at meetings</u>
Mr Roger Evans *# (Chair)	75 %
Mr Phillip Owen *#	100 %
Mr Jonathan Daniels *#	75 %
Mr Hywel Jones *#	100 %
Ms Rosemary Pritchard *#	75 %
Mr Benjamin West *# (resigned 3 December 2015)	100 %
Mr Barry Liles# (Principal)	100 %
Mr John Morrissey*# (resigned 23 June 2016)	100 %
Ms Maria Stedman *#	75 %
Mr Sion Davies*# (resigned 23 June 2016)	50 %
Mr Paul Jones*# (appointed 8 October 2015)	75 %
Ms Wendy Walters*# (appointed 8 October 2015)	0 %

(\* non – executive directors)

(# Trustees)

# COLEG SIR GÂR

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2016 (continued)

#### Directors' indemnities

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year, and remains in force as at the date of signing of these financial statements.

#### Payment performance

The College follows the Better Payments Practice Code in dealing with its suppliers. The four key principles of the code are:

- agree payment terms at the outset of a deal and stick to them;
- explain the payment procedures to suppliers;
- pay bills in accordance with any contract agreed with the supplier, or as required by law; and
- inform suppliers without delay when an invoice is contested and settle quickly on receiving a satisfactory response.

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College's performance in paying its suppliers during the year to 31 July 2016 was as follows:-

	<b>2016</b>	<b>2016</b>	2015	2015
	<b>No</b>	<b>£000</b>	No	£000
Total Invoices Received	<b>6,953</b>	<b>15,032</b>	8,675	20,917
Paid on time	<b>5,309</b>	<b>13,734</b>	6,579	18,596
% of total invoices received	<b>76%</b>	<b>91%</b>	76%	89%
Trade Creditors at 31 July - (Note 17)		<b>581</b>		493
	<b>15 days</b>		9 days	

The College incurred no interest charges under The Late Payment of Commercial Debts (Interest) Act 1998.

#### Estate developments

The College regularly invests in the maintenance of the estate with planned annual programmes of maintenance carried out during the summer months. Annual budgets include an allocation for such works.

During 15/16, the college completed works (that commenced in 14/15) for new solar panels at its Graig and Pibwrlwyd sites. The investment will generate significant savings against energy expenditure and is congruent with plans to develop "Green Energy" and drive the continuous improvement of the college's environmental performance. Also, during the year, work commenced in relation to resurfacing the artificial sports pitch which provides significant benefits to both the college and local community.

# **COLEG SIR GÂR**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2016 (continued)**

#### **Equal opportunities**

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College's Strategic Equality Plan, although applying generally to employees, has equal relevance to disabled persons as the College would provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

#### **Stakeholder relationships**

The College has many stakeholders. These include, but are not limited to:

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through meetings and the College's internet site.

#### **Staff and student involvement**

The College systematically provides employees and staff with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The committee structure provides the formal communication links with representation as appropriate from different staff employment categories and students. Employee and student involvement in the College is encouraged, as achieving a common awareness on the part of all employees and students of the financial and economic factors affecting the College plays a major role in the decision making process.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report and the Directors' Report as well as keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and to enable it to ensure that the Group and College financial statements are prepared in accordance with UK Accounting Standards and applicable law, including the Statement of Recommended Practice – Accounting for Further and Higher Institutions 2015, the Accounts Direction issued by the Welsh Government, and Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102). In addition, within the terms and conditions of the financial memorandum agreed between the College and Welsh Government (WG), the directors are required, through the accounting officer, to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and College, and their surplus or deficit and cash flows for that period.

# COLEG SIR GÂR

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016 (continued)

### Statement of directors' responsibilities (continued)

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group and College will continue in operation.

The directors are responsible for ensuring that funds from WG are used only in accordance with the financial memorandum with WG and any other conditions which WG may prescribe. The directors must ensure that there are appropriate financial and management controls in place to safeguard public funds and to ensure that they are used only in accordance with the conditions under which they have been made available. The directors are responsible for safeguarding the assets of the the Group and for the prevention and detection of fraud. In addition, the directors are responsible for securing the economical, efficient and effective management of the College resources and expenditure, so that the benefits that should be derived from the application of public funds by WG are not put at risk.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement of disclosure of information to auditors

Each of the persons who were directors at the time when the Directors' Report was approved has confirmed that, so far as the directors are aware, there is no relevant audit information (i.e. information needed by the company's auditor in connection with preparing their report), of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditor is aware of that information.

### Independent auditor

During the year, KPMG LLP, Chartered Accountants, were appointed auditor pursuant to section 485 of the Companies Act 2006.

This report was approved by the Board on 1/12/2016 and was signed on behalf of the Board by:

Mr Roger Evans  
Director  
Date:

1/12/16

# COLEG SIR GĂR

## CORPORATE GOVERNANCE STATEMENT

The Company is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the Company has applied the principles set out in the UK Corporate Governance Code, as issued by the Financial Reporting Council, in so far as they apply to further education. Its purpose is to aid users of the financial statements to understand how the principles have been applied.

In the opinion of the directors, the Company complies with all of the provisions of the UK Corporate Governance Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2016 and up to the date of this report.

### ***The Board of Directors***

The members of the Board of Directors are listed on page 18. It is the responsibility of the directors to bring independent judgement to issues of strategy, performance, resources and standards of conduct. The Company recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Board is provided with regular and timely information on the overall financial performance of the Company, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board meets four times a year.

The Company conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Board. These committees are Search; Remuneration; Curriculum and Standards; Planning and Resources; and Audit and Risk Management.

The committees are comprised of directors and other advisory body members chosen via the search committee which along with the remuneration committee is comprised entirely of directors - for the knowledge, skills and experience that they bring to the respective committee. For the avoidance of doubt, the advisory body members are not directors of the Company. All decisions taken by the committees have to be subsequently formally approved by the Board.

The committees serve on an advisory basis and report directly to the Board of Directors. As a minimum, the chair of each committee will be a serving director. Details of the composition of each committee are noted under the respective heading below. Formal agendas, papers and reports are supplied to committee members and directors in a timely manner, prior to meetings. Briefings are also provided on an ad-hoc basis.

The Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Company considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman (a non-executive director) and Principal (an executive director) are separate.

### ***Appointments to the Board of Directors***

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Search committee is responsible for the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

### ***Search committee***

Throughout the year ended 31 July 2016, the Institution's Search committee comprised four members of the Board of Directors. The committee's responsibilities are to make recommendations to the Board on the selection of directors and advisory body committee members, and on matters of governance.

# **COLEG SIR GÂR**

## **CORPORATE GOVERNANCE STATEMENT (continued)**

### ***Remuneration committee***

The Remuneration committee, comprised of three members of the Board of Directors, reviews and determines the remuneration and conditions of employment of senior post holders, including the Principal. Details of remuneration for the year ended 31 July 2016 are set out in note 6 to the financial statements.

### ***Audit and Risk Management committee***

The Audit and Risk Management committee is comprised of seven members. The committee operates in accordance with written terms of reference approved by the Board.

The Audit and Risk Management committee meets on a termly basis and provides a forum for reporting by the Institution's internal and financial statement auditors, who have access to the committee for independent discussion without the presence of Institution management. The committee also receives and considers reports from WG as they affect the Institution's business.

The Company's internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit and Risk Management committee.

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit and Risk Management committee also advises the Company on the appointment of internal and financial statement auditors, and their remuneration for both audit and non-audit work.

### ***Planning and Resources committee***

The Planning and Resources committee is comprised of eight members. The committee operated in accordance with written terms of reference approved by the Board.

The Planning and Resources committee meets on a termly basis to review all aspects of planning and resource utilisation in the Company. This would include budgeting, management and financial accounts, treasury and investments, human resources, and estates development and maintenance.

### ***Curriculum and Standards committee.***

The Curriculum and Standards committee is comprised of eight members. The committee operated in accordance with written terms of reference approved by the Board.

The Curriculum and Standards committee meets on a termly basis to review all aspects of curriculum provision, delivery and performance in the Company.

### ***Internal control***

#### ***Scope of responsibility***

The directors are ultimately responsible for the Institution's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Principal for maintaining a sound system of internal control that supports the achievement of the Institution's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Coleg Sir Gâr and WG. The Principal is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.



# COLEG SIR GÂR

## CORPORATE GOVERNANCE STATEMENT (continued)

### *Internal control (continued)*

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Institution policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Coleg Sir Gâr for the year ended 31 July 2016 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Board reviewed the key risks to which the Institution is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Institution's significant risks that has been in place for the year ending 31 July 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

#### **The risk and control framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the advisory committee and board of periodic and annual financial reports, which indicate the financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

Coleg Sir Gâr engages a firm of professional auditors to provide an internal audit service, which operates in accordance with the requirements of WG. The work of the internal audit service is informed by an analysis of the risks to which the Institution is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the audit and risk management committee. The internal auditor provides the governing body with a report on internal audit activity in the institution at least once each year. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the Institution's system of risk management, controls and governance processes.

# COLEG SIR GÂR

## CORPORATE GOVERNANCE STATEMENT (continued)

### Review of effectiveness

The Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditor;
- the work of the executive managers within the Institution, who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the Institution's financial statements auditor and WG's auditor in their management letters and other reports.

The Principal has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit and Risk Management committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit and Risk Management committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Management committee's role in this area is confined to a high level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit and Risk Management committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Board carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

Based on the advice of the Audit and Risk Management Committee and the Principal, the Board is of the opinion that the Company has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

### Statement on regularity, propriety and compliance

The directors have considered their responsibility to notify WG of material irregularity, impropriety and non-compliance with WG's terms and conditions of funding, under the financial memorandum in place between the Company and WG. As part of its consideration, the directors have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Company, that after due enquiry, and to the best of our knowledge, the Company believes it is able to identify any material irregular or improper use of funds by the Company, or material non-compliance with WG's terms and conditions of funding under the Company's financial memorandum. We further confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. WG will be notified of any instances identified after the date of this statement.

### Going concern

After making appropriate enquiries, the Corporation considers that the Institution has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

By order of the Board

  
Mr Roger Evans

Director

Date:

1/12/16

# **COLEG SIR GÂR**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG SIR GÂR**

We have audited the financial statements of Coleg Sir Gar for the year ended 31 July 2016 set out on pages 28 to 62. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' responsibilities set out on pages 20 to 21, the Directors are responsible for the preparation of the financial statements and 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 Group's and the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

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 our audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2016 and of the Group's and the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction 2015/16 issued by the Welsh Government; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# COLEG SIR GÂR

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEG SIR GÂR (continued)

### Opinion on other matters prescribed by the Further Education Audit Code of Practice 2015 issued by the Welsh Government

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the Institution for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- income has been applied in accordance with the Financial Memorandum with the Welsh Government.

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

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Emma Holiday (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

Date: *6th December 2016*

**COLEG SIR GÂR**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE**  
**YEAR ENDED 31 JULY 2016**

	Notes	2016 Consolidated £000	2016 College £000	2015 Consolidated £000	2015 College £000
<b>Income</b>					
Funding body grants	1	20,061	20,061	20,881	20,881
Tuition fees and education contracts	2	5,718	5,718	4,819	4,819
Other income	3	4,550	4,550	5,578	5,578
Investment income	4	20	20	37	37
<b>Total income</b>		<b>30,349</b>	<b>30,349</b>	<b>31,315</b>	<b>31,315</b>
<b>Expenditure</b>					
Staff costs	5	19,086	19,086	20,403	20,403
Fundamental restructuring costs	5	4	4	1,171	1,171
Other operating expenses	7	8,562	8,561	10,327	10,325
Depreciation	11,12	1,388	1,388	1,124	1,124
Interest and other finance costs	9	348	348	324	324
<b>Total expenditure</b>		<b>29,388</b>	<b>29,387</b>	<b>33,349</b>	<b>33,347</b>
Surplus/(deficit) before other gains and losses		961	962	(2,034)	(2,034)
Gain on disposal of fixed assets		1	1	5	5
Gain on investments	13	8	8	16	16
Surplus/(deficit) before tax		970	971	(2,013)	(2,011)
Taxation		-	-	-	-
Surplus/(deficit) for the year		970	971	(2,013)	(2,011)
Actuarial loss in respect of pension schemes	23	(4,385)	(4,385)	(1,345)	(1,345)
<b>Total Comprehensive Income for the year</b>		<b>(3,415)</b>	<b>(3,414)</b>	<b>(3,358)</b>	<b>(3,356)</b>
Represented by :					
Unrestricted comprehensive income		(3,415)	(3,414)	(3,358)	(3,356)
Restricted comprehensive income		-	-	-	-
		(3,415)	(3,414)	(3,358)	(3,356)
Surplus for the year attributable to:					
Group		970	971	(2,013)	(2,011)
Total Comprehensive Income for the year attributable to :					
Group		(3,415)	(3,414)	(3,358)	(3,356)

All amounts are derived from continuing operations.

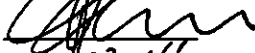
**COLEG SIR GÂR**  
**CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES**  
**FOR THE YEAR ENDING 31 JULY 2016**

	Income and Expenditure account	Revaluation reserve	Endowments	Total
		£000	£000	£000
<b>Consolidated</b>				
<b>Balance sheet at 1<sup>st</sup> August 2014</b>	<b>6,380</b>	<b>9,490</b>	<b>21</b>	<b>15,891</b>
Surplus /(deficit) from the income & expenditure account	(2,013)	-	-	(2,013)
Other comprehensive income	(1,345)	-	-	(1,345)
Transfers between revaluation and income & expenditure reserves	191	(191)	-	-
<b>Movement</b>	<b>(3,167)</b>	<b>(191)</b>	<b>-</b>	<b>(3,358)</b>
<b>Balance at 31<sup>st</sup> July 2015</b>	<b>3,213</b>	<b>9,299</b>	<b>21</b>	<b>12,533</b>
Surplus /(deficit) from the income & expenditure account	970	-	(1)	969
Other comprehensive income	(4,385)	-	-	(4,385)
Transfers between revaluation and income & expenditure reserves	192	(192)	-	-
<b>Movement</b>	<b>(3,223)</b>	<b>(192)</b>	<b>(1)</b>	<b>(3,416)</b>
<b>Balance at 31<sup>st</sup> July 2016</b>	<b>(10)</b>	<b>9,107</b>	<b>20</b>	<b>9,117</b>
<b>College</b>				
<b>Balance sheet at 1<sup>st</sup> August 2014</b>	<b>6,376</b>	<b>9,490</b>	<b>21</b>	<b>15,887</b>
Surplus /(deficit) from the income & expenditure account	(2,011)	-	-	(2,011)
Other comprehensive income	(1,345)	-	-	(1,345)
Transfers between revaluation and income & expenditure reserves	191	(191)	-	-
<b>Movement</b>	<b>(3,165)</b>	<b>(191)</b>	<b>-</b>	<b>(3,356)</b>
<b>Balance at 31<sup>st</sup> July 2015</b>	<b>3,211</b>	<b>9,299</b>	<b>21</b>	<b>12,531</b>
Surplus /(deficit) from the income & expenditure account	971	-	(1)	970
Other comprehensive income	(4,385)	-	-	(4,385)
Transfers between revaluation and income & expenditure reserves	192	(192)	-	-
<b>Movement</b>	<b>(3,222)</b>	<b>(192)</b>	<b>(1)</b>	<b>(3,415)</b>
<b>Balance at 31<sup>st</sup> July 2016</b>	<b>(11)</b>	<b>9,107</b>	<b>20</b>	<b>9,116</b>

**COLEG SIR GÂR**  
**CONSOLIDATED AND COLLEGE BALANCE SHEETS**  
**AS AT 31 JULY 2016**

	Notes	2016		2015	
		Consolidated	College	Consolidated	College
		£000	£000	£000	£000
<b>Non-current assets</b>					
Intangible fixed assets	11	-	-	-	-
Tangible fixed assets	12	30,258	30,258	30,379	30,379
Heritage assets		-	-	-	-
Investments	13	261	261	237	237
<b>Total fixed assets</b>		<b>30,519</b>	<b>30,519</b>	<b>30,616</b>	<b>30,616</b>
<b>Current assets</b>					
Stocks	15	167	167	170	170
Trade and other receivables	16	1,931	1,947	2,436	2,450
Investments	14	12	12	10	10
Cash and cash equivalents		6,342	6,325	4,739	4,723
<b>Total current assets</b>		<b>8,452</b>	<b>8,451</b>	<b>7,355</b>	<b>7,353</b>
<b>Less: Creditors: amounts falling due within one year</b>	17	<b>(3,858)</b>	<b>(3,858)</b>	<b>(3,921)</b>	<b>(3,921)</b>
<b>Net current assets</b>		<b>4,594</b>	<b>4,593</b>	<b>3,434</b>	<b>3,432</b>
<b>Total assets less current liabilities</b>		<b>35,113</b>	<b>35,112</b>	<b>34,050</b>	<b>34,048</b>
<b>Less: Creditors: amounts falling due after more than one year</b>	18	<b>(11,228)</b>	<b>(11,228)</b>	<b>(11,498)</b>	<b>(11,498)</b>
<b>Less: Provisions</b>					
Defined benefit obligation	23	(13,535)	(13,535)	(8,541)	(8,541)
Other provisions	19	(1,233)	(1,233)	(1,478)	(1,478)
<b>Total net assets</b>		<b>9,117</b>	<b>9,116</b>	<b>12,533</b>	<b>12,531</b>
<b>Restricted reserves :</b>					
Income and expenditure reserve - Endowment reserve	21	20	20	21	21
<b>Unrestricted reserves :</b>					
Income and expenditure reserve - unrestricted	22	(10)	(11)	3,213	3,211
Revaluation reserve	22	9,107	9,107	9,299	9,299
<b>Total unrestricted reserves</b>		<b>9,097</b>	<b>9,096</b>	<b>12,512</b>	<b>12,510</b>
<b>Total reserves</b>		<b>9,117</b>	<b>9,116</b>	<b>12,533</b>	<b>12,531</b>

The financial statements on pages 28 to 62 were approved and authorised for issue by the Board on 1/12/2016 and were signed on its behalf on that date by:

Chair:   
 Date: 1/12/16  
 Mr Roger Evans

Director:   
 Date: 1/12/16  
 Mr Barry Liles

# COLEG SIR GÂR

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 £000	2015 £000
Net cash inflow/(outflow) from operating activities	24	2,507	(2,067)
Cash flows from financing activities	25	119	278
Cash flows from investing activities	26	(1,022)	(1,223)
Cash flows from management of liquid resources	27	(1)	(1)
Increase/(decrease) in cash and cash equivalents in the period	29	1,603	(3,013)
<hr/>			
Cash and cash equivalents at 1 August	29	4,739	7,752
Cash and cash equivalents at 31 July	29	6,342	4,739



# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR ENDED 31 JULY 2016

### Basis of preparation

These financial statements have been prepared in accordance with the Companies Act as adapted to the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102), the Companies Act 2006 and with the applicable DfES Circular. Coleg Sir Gâr is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

### Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time, and therefore, has applied the first-time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 35.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, rather than the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change of accounting policy from the previous period, where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first-time adoption allows certain exemptions from the full requirements of FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1<sup>st</sup> August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value.
- Business combinations – the College has continued to recognise business combinations on the same basis as that applied at the date of transition.
- Lease incentives – the College has continued to recognise the residual benefits associated with lease incentives on the same basis as that applied at the date of transition.
- The College participates in the Teachers' Pension Scheme (TPS), a statutory, contributory, defined benefit pension scheme which meets the definition of a multi-employer pension plan under FRS 102. The College is unable to identify its share of the underlying assets and liabilities of the plan and, accordingly, has taken advantage of the exemption under FRS 102 to account for its contributions to the scheme as if it were a defined contribution plan.
- The College has taken advantage of the exemptions provided in FRS 102 1.12 and the 2015 FE HE SORP 3.3, and has not included a separate statement of its own cash flows. These cash flows are included within the Consolidated Statement of Cash Flows, and the College balance sheet discloses cash at both the current and preceding reporting dates.

### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations of certain fixed assets as deemed cost at transition. The accounting rules set out below have been applied consistently.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2016 (continued)

### Basis of consolidation

The consolidated financial statements include the College and its subsidiary, CCTA Enterprises Limited. The results of the subsidiary are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2016.

The results of the dormant subsidiary Rareblend Limited, have been excluded from the consolidated results of the group as they are not considered to be material for inclusion. The accounting rules have been applied consistently across the group.

### Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

### Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. The recurrent grants from Welsh Government represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Income from tuition fees is stated gross and recognised in the period for which it is received and includes all fees payable by students or their sponsors. Where the amount of tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2016 (continued)

### Recognition of income (continued)

Non-recurrent grants from the Welsh Government or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets under the accrual method as permitted by FRS 102.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

### Accounting for post-employment benefits

Post-employment benefits to employees of the College are provided by The Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised as an actuarial movement in other comprehensive income. Actuarial gains and losses on liabilities are also recognised immediately in other comprehensive income.

### Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

### Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2016 (continued)

### Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

#### (a) Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between ten and fifty years. Leasehold land and buildings are depreciated over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Assets in the course of construction are not depreciated until the College has full use of the asset, at which time they are depreciated in accordance with the policy stated above.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1998, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

#### (b) Heritage assets

Works of art and other valuable artefacts (heritage assets) and valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

#### (c) Equipment (including fixtures and fittings)

Equipment costing less than £3,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at purchase cost. Equipment inherited from the Local Education Authority has not been included in the balance sheet, as it was their policy to charge the full purchase cost of the asset to the income and expenditure account in the year of acquisition.

Equipment is depreciated over its useful economic life as follows:

General equipment	5% - 25 % per annum
Computer equipment	20% - 33 % per annum
Fixtures and fittings	10% - 25 % per annum

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

# **COLEG SIR GÂR**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2016 (continued)**

### **Intangible fixed assets**

The College has acquired a number of milk quotas for use in conjunction with the College's farming activities. The cost of the milk quotas has been classified as an intangible fixed asset. Milk quotas are amortised over a 10 year period on a straight-line basis.

### **Leased assets**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102, and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1<sup>st</sup> August 2014.

Leasing agreements which transfer to the College substantially all of the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright. These are capitalised at their fair value at the inception of the lease, and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

### **Investments**

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Listed investments held as non-current assets and current asset investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value, estimated using a valuation technique.

### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of three months or less from the date of acquisition.

### **Maintenance of premises**

The College has a ten-year rolling long-term maintenance plan which forms the basis of the ongoing maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the income and expenditure account as incurred.

### **Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2016 (continued)

### Financial liabilities and equity (continued)

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

### Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with the resulting exchange differences being taken to income or expenditure in the period in which they arise.

### Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

The College's subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

### Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### Livestock

Livestock is treated as a fixed asset where it is intended for use on a continuous basis for the College's activities. Livestock is revalued on an annual basis with no depreciation charge being made. The movement between successive valuations is charged or credited to the income and expenditure account.

### Agency costs

The College acts as an agent in the collection and payment of financial contingency funds and educational maintenance allowances. Related payments received from Welsh Government and subsequent disbursements to students and institutions are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### Accounting for charitable donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2016 (continued)

### Accounting for charitable donations (continued)

Income is retained within the restricted reserve until such time that any donor imposed restrictions attached to the donations and endowments are met at which time the income is released to general reserves through a reserves transfer. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and movements in fair value of endowments are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms of the restrictions applied to the individual endowment funds.

There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective

### Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### *Other key sources of estimation uncertainty*

- ***Tangible fixed assets***

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- ***Local Government Pension Scheme***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- ***Impairment of debtors***

The College makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of the debtors, historical experience and the financial circumstances of the counterparty. See note 16 for the net carrying amount of debtors.

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Funding body grants

	2016	2016	2015	2015
	Consolidated £000	College £000	Consolidated £000	College £000
Recurrent grant	15,454	15,454	16,466	16,466
Work based learning	3,473	3,473	2,906	2,906
Specific grants	577	577	999	999
Capital grants:				
Buildings	408	408	466	466
Equipment	149	149	44	44
	<b>20,061</b>	<b>20,061</b>	<b>20,881</b>	<b>20,881</b>

### 2 Tuition fees and education contracts

	2016	2016	2015	2015
	Consolidated £000	College £000	Consolidated £000	College £000
UK higher education students	4,144	4,144	3,224	3,224
UK further education students	131	131	177	177
Non-EU students	9	9	9	9
<b>Total tuition fees paid by or on behalf of individual students</b>	<b>4,284</b>	<b>4,284</b>	<b>3,410</b>	<b>3,410</b>
<b>Education contracts</b>				
Higher Education contracts	719	719	671	671
Other contracts	715	715	738	738
	<b>5,718</b>	<b>5,718</b>	<b>4,819</b>	<b>4,819</b>

### 3 Other income

	2016	2016	2015	2015
	Consolidated £000	College £000	Consolidated £000	College £000
Residencies and catering	828	828	830	830
Non-government capital grants	-	-	-	-
Farming activities	676	676	863	863
Other income-generating activities	1,506	1,506	1,355	1,355
Other grant income:				
European funds	415	415	1,496	1,496
Other funds	824	824	860	860
Other income	301	301	174	174
	<b>4,550</b>	<b>4,550</b>	<b>5,578</b>	<b>5,578</b>

### 4 Investment income

	2016	2016	2015	2015
	Consolidated £000	College £000	Consolidated £000	College £000
Interest receivable	20	20	37	37
	<b>20</b>	<b>20</b>	<b>37</b>	<b>37</b>



# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 Staff costs – Consolidated and College

The average monthly number of persons (including key management personnel) employed by the College during the year, expressed as full-time equivalents, was:

	2016 Number	2015 Number
Teaching departments:		
Teaching staff	230	268
Other staff	24	25
	<b>254</b>	<b>293</b>
Teaching support services	19	24
Other support services	32	29
Administration and central services	93	97
Premises	21	25
Other income-generating activities	69	84
Catering and residences	4	4
Farm	12	11
	<b>504</b>	<b>567</b>

Staff costs for the above persons:

	2016 £000	2015 £000
Teaching departments		
Teaching staff	10,612	11,597
Other staff	539	560
	<b>11,151</b>	<b>12,157</b>
Teaching support services	527	626
Other support services	784	682
Administration and central services	3,146	3,233
Premises	470	511
Other income-generating activities	2,244	2,625
Catering and residences	74	68
Farm	188	164
Fundamental restructuring costs	4	1,171
Pension costs	238	61
FRS 102 (Section 28) adjustments	303	271
Holiday pay accrual	(39)	5
	<b>19,090</b>	<b>21,574</b>

	2016 £000	2015 £000
Wages and salaries	15,332	16,638
Social security costs	1,058	1,242
Other pension costs (including FRS 102 adjustments)	2,696	2,523
	<b>19,086</b>	<b>20,403</b>
Fundamental restructuring costs	4	1,171
	<b>19,090</b>	<b>21,574</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 Staff costs (continued)

The number of staff, including key management personnel (as defined in note 6), who received emoluments in the following ranges were:

	2016 Number	2015 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£130,001 - £140,000	1	1
	<b>4</b>	<b>4</b>

A pay award of 1% (2015: 1%) was approved by the Board and paid with effect from 1 August 2015 for all staff, with the exception of the Principal who did not receive a pay increase (2015: 0%).

### 6 Key management personnel emoluments – Consolidated and College

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, and vice principals.

The number of key management personnel, including the Principal, was 4 (2015: 4).

Key management personnel emoluments are made up as follows:

	2016 £	2015 £
Salaries	351,818	349,206
Benefits in kind	-	-
	<b>351,818</b>	<b>349,206</b>
Pension contributions	55,829	49,093
Total emoluments	<b>407,647</b>	<b>398,299</b>

The above emoluments include amounts payable to the Principal (who is also the highest paid member of the key management) of:

	2016 £	2015 £
Salaries	136,500	136,500
	<b>136,500</b>	<b>136,500</b>
Pension contributions	22,224	19,246
Total emoluments	<b>158,724</b>	<b>155,746</b>

The pension contributions in respect of the Principal and other senior post-holders are in respect of employer's contributions to the Local Government and Teachers Superannuation Schemes and are paid at the same rate as for other employees.

The Board members, other than the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses of £560 (2015: £790) incurred in the course of their duties.

The Principal did not receive a pay increase (2015: 0%), but other higher paid staff (including key management personnel), received a pay increase of 1% during the year (2015: 1%). No bonuses or other salary enhancements were awarded to key management personnel or other higher paid staff (2015: nil).

**COLEG SIR GÂR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7 Other operating expenses**

	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Consolidated</b>	<b>College</b>	<b>Consolidated</b>	<b>College</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Teaching departments	797	797	1,088	1,088
Teaching support services – libraries & resource centres	68	68	66	66
- examination fees	557	557	553	553
- student transport	745	745	771	771
Other support services	27	27	39	39
Administration and central services	1,763	1,763	2,918	2,918
General education expenditure	318	318	396	396
Premises:				
Running costs	817	817	998	998
Routine maintenance	262	262	557	557
Rents and leases	136	136	145	145
Planned maintenance	-	-	-	-
Other income generating activities	33	32	44	42
Catering and residence operations	744	744	739	739
Farming activities	582	582	699	699
Franchised provision	1,142	1,142	627	627
Irrecoverable value added tax	571	571	687	687
	<b>8,562</b>	<b>8,561</b>	<b>10,327</b>	<b>10,325</b>

Other operating expenses include:

	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Auditors' remuneration:				
Financial statements audit	25	24	15	14
Other services provided by the financial statements auditor (regulatory return services)	4	4	15	15
Internal audit	19	19	19	19
Registration fees	169	169	184	184
Hire of other assets – operating leases	256	256	424	424

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8 Costs in respect of overseas activities – Consolidated and College

The following costs were incurred during 2015-2016 in respect of overseas activities, which were carried out in accordance with the strategy approved by the governing body:

	Travel and Accommodation	Subsistence Hospitality	Other Costs	Number of Visits
	£	£	£	
Members	-	-	-	-
Key management personnel	-	-	-	-
Other staff	166	-	45	1
	<b>166</b>	<b>-</b>	<b>45</b>	<b>1</b>

### 9 Interest and other finance costs – Consolidated and College

	2016 £000	2015 £000
On finance leases	42	28
Pension finance costs (see note 23)	306	296
	<b>348</b>	<b>324</b>

### 10 Surplus/(deficit) on continuing operations for the year

The surplus on continuing operations for the year consists of the College's surplus of £971,000 (2015: £2,011,000 loss), and the subsidiary company's loss of £1,000 (2015: loss of £2,000).

### 11 Intangible fixed assets

#### Consolidated and College

	Milk quota £000
<b>Cost</b>	
At 1 August 2015 and 31 July 2016	302
<b>Accumulated Amortisation</b>	
At 1 August 2015	302
Charge for the year	-
At 31 July 2016	302
<b>Net book value</b>	
At 31 July 2016	-
At 31 July 2015	-

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 Tangible fixed assets

#### Consolidated

	Freehold land and buildings £000	Equipment £000	Fixtures and Fittings £000	Livestock £000	Total £000
<b>Cost or valuation</b>					
At 1 August 2015	39,012	4,141	1,895	439	45,487
Additions	288	568	377	-	1,233
Revaluation	-	-	-	33	33
Disposals	(361)	(184)	(385)	-	(930)
<b>At 31 July 2015</b>	<b>38,939</b>	<b>4,525</b>	<b>1,887</b>	<b>472</b>	<b>45,823</b>
<b>Accumulated Depreciation</b>					
At 1 August 2015	10,229	3,440	1,438	-	15,107
Charge for the year	839	299	250	-	1,388
Eliminated on disposal	(361)	(184)	(385)	-	(930)
<b>At 31 July 2016</b>	<b>10,707</b>	<b>3,555</b>	<b>1,303</b>	<b>-</b>	<b>15,565</b>
<b>Net book value</b>					
<b>At 31 July 2016</b>	<b>28,232</b>	<b>970</b>	<b>584</b>	<b>472</b>	<b>30,258</b>
At 31 July 2015	28,784	701	455	439	30,379

#### Analysis of net book value at 31 July 2016

Inherited	9,107	-	-	-	9,107
Financed by capital grant	11,100	261	-	-	11,361
Other	8,025	709	584	472	9,790
	<b>28,232</b>	<b>970</b>	<b>584</b>	<b>472</b>	<b>30,258</b>

Land and buildings were revalued in 1998 at depreciated replacement cost by Cooke & Arkwright, a firm of independent chartered surveyors. On adoption of FRS 102, revalued properties have been treated as deemed cost. The analysis of cost or valuation of the tangible fixed assets as at 31 July 2016 is as follows:

#### Consolidated and College Cost or valuation at 31 July 2016 represented by:

Valuation in 1998 (see below)	19,716	-	-	472	20,188
Cost	19,223	4,525	1,887	-	25,635
	<b>38,939</b>	<b>4,525</b>	<b>1,887</b>	<b>472</b>	<b>45,823</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 Tangible assets (continued)

#### College

	Freehold land and buildings £000	Equipment £000	Fixtures and Fittings £000	Livestock £000	Total £000
<b>Cost or valuation</b>					
At 1 August 2015	39,012	4,127	1,895	439	45,473
Additions	288	568	377	-	1,233
Revaluation	-	-	-	33	33
Disposals	(361)	(184)	(385)	-	(930)
<b>At 31 July 2016</b>	<b>38,939</b>	<b>4,511</b>	<b>1,887</b>	<b>472</b>	<b>45,809</b>
<b>Accumulated Depreciation</b>					
At 1 August 2015	10,229	3,426	1,438	-	15,093
Charge for the year	839	299	250	-	1,388
Eliminated on disposal	(361)	(184)	(385)	-	(930)
<b>At 31 July 2016</b>	<b>10,707</b>	<b>3,541</b>	<b>1,303</b>	<b>-</b>	<b>15,551</b>
<b>Net book value</b>					
<b>At 31 July 2016</b>	<b>28,232</b>	<b>970</b>	<b>584</b>	<b>472</b>	<b>30,258</b>
<b>At 31 July 2015</b>	<b>28,784</b>	<b>701</b>	<b>455</b>	<b>439</b>	<b>30,379</b>
<b>Analysis of net book value at 31 July 2016</b>					
Inherited	9,107	-	-	-	9,107
Financed by capital grant	11,100	261	-	-	11,361
Other	8,025	709	584	472	9,790
	<b>28,232</b>	<b>970</b>	<b>584</b>	<b>472</b>	<b>30,258</b>

#### Consolidated and College freehold land and buildings

	Occupied for own use £000	Investment properties £000	Properties under development £000	Total £000
<b>Cost or valuation</b>				
At 1 August 2015	39,012	-	-	39,012
Transferred in the year	-	-	-	-
Additions	288	-	-	288
Disposals	(361)	-	-	(361)
<b>At 31 July 2016</b>	<b>38,939</b>	<b>-</b>	<b>-</b>	<b>38,939</b>
<b>Accumulated Depreciation</b>				
At 1 August 2015	10,229	-	-	10,229
Charge for the year	839	-	-	839
Disposals	(361)	-	-	(361)
<b>At 31 July 2016</b>	<b>10,707</b>	<b>-</b>	<b>-</b>	<b>10,707</b>
<b>Net book value</b>				
<b>At 31 July 2016</b>	<b>28,232</b>	<b>-</b>	<b>-</b>	<b>28,232</b>
<b>At 31 July 2015</b>	<b>28,783</b>	<b>-</b>	<b>-</b>	<b>28,783</b>
<b>Analysis of net book value at 31 July 2016</b>				
Inherited	9,107	-	-	9,107
Financed by capital grant	11,100	-	-	11,100
Other	8,025	-	-	8,025
	<b>28,232</b>	<b>-</b>	<b>-</b>	<b>28,232</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13 Non-current investments

	2016		2015	
	Consolidated £	College £	Consolidated £	College £
Investment in subsidiary company	-	2	-	2
Other non-current asset investments	261,260	261,260	236,770	236,770
	<b>261,260</b>	<b>261,262</b>	<b>236,770</b>	<b>236,772</b>

The College owns 100% of the issued ordinary £1 shares of CCTA Enterprises Limited, a company incorporated in England and Wales. The principal business activity of CCTA Enterprises Limited is the provision of education and training. CCTA Enterprises Limited owns 100% of the issued ordinary £1 shares of Rareblend Limited, a dormant company incorporated in England and Wales. The company is not consolidated. At 31 July 2016 the net assets of Rareblend Limited were £2 (2015: £2). The members believe that the carrying value of the investments are supported by underlying net assets.

### Other non-current asset investments

Consolidated and College	Listed investments £000	Other investments £000	Total £000
	<b>Cost or valuation</b>		
At 1 August 2015	58	179	237
Additions	-	16	16
Revaluation	8	-	8
<b>At 31 July 2016</b>	<b>66</b>	<b>195</b>	<b>261</b>
<b>Cost or valuation at 31 July 2016 represented by:</b>			
Valuation	66	-	66
Cost	-	195	195
	<b>66</b>	<b>195</b>	<b>261</b>

### 14 Current investments

Consolidated and College	2016 £000	2015 £000
<b>Endowment assets</b>		
Balance at 1 August	10	9
Increase in value of investments	2	1
Income for the year	-	-
Expenditure for the year	-	-
<b>Balance at 31 July</b>	<b>12</b>	<b>10</b>
Represented by:		
COIF Charities Investment Fund Holdings	12	10
	<b>12</b>	<b>10</b>

### 15 Stock

Consolidated and College	2016 £000	2015 £000
Livestock for resale	167	170
	<b>167</b>	<b>170</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 16 Debtors

	2016		2015	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>Amounts falling due within one year:</b>				
Trade debtors	800	800	825	825
Amounts owed by group undertakings	-	16	-	14
Prepayments and accrued income	1,131	1,131	1,611	1,611
	<b>1,931</b>	<b>1,947</b>	<b>2,436</b>	<b>2,450</b>

### 17 Creditors: amounts falling due within one year

	2016		2015	
	Consolidated £000	College £000	Consolidated £000	College £000
Obligations under finance leases	177	177	116	116
Payments received in advance	176	176	579	579
Trade payables	581	581	493	493
Taxation and social security	355	355	594	594
Accruals and deferred income	2,073	2,073	1,629	1,629
Deferred income – government capital grants	496	496	510	510
	<b>3,858</b>	<b>3,858</b>	<b>3,921</b>	<b>3,921</b>

### 18 Creditors: amounts falling due after more than one year

	2016		2015	
	Consolidated £000	College £000	Consolidated £000	College £000
Bank loans and overdrafts	-	-	-	-
Obligations under finance leases	363	363	283	283
Deferred income - government capital grants	10,865	10,865	11,215	11,215
<b>Total</b>	<b>11,228</b>	<b>11,228</b>	<b>11,498</b>	<b>11,498</b>



# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18 Creditors: amounts falling due after more than one year (continued)

#### Finance leases

	2016		2015	
	Consolidated £000	College £000	Consolidated £000	College £000
The net finance lease obligations to which the institution is committed are :			-	-
In one year or less	177	177	116	116
Between two and five years	363	363	283	283
In five years or more	-	-	-	-
	<b>540</b>	<b>540</b>	<b>399</b>	<b>399</b>

### 19 Other provisions

Consolidated and College	Enhanced Pension Provision £000	VAT £000	Rationalisation £000	ESF £000	Total £000
At 1 August 2015	767	242	250	219	1,478
Utilised in the period	(59)	-	-	-	(59)
Released in the period	--	-	(250)	-	(250)
Transferred from income and expenditure account	64	-	-	-	64
<b>At 31 July 2016</b>	<b>772</b>	<b>242</b>	<b>-</b>	<b>219</b>	<b>1,233</b>

The VAT provision relates to a potential tax liability arising in connection with transactions which the College entered into during periods prior to July 2002. The provision relates to staff transferred under TUPE to the college's cleaning sub-contractors. The ESF provision relates to a potential repayment of European Funds in relation to the overhead methodology. The enhanced pension provision relates to staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. The provision has been recalculated in accordance with the latest LSC circular.

The principal assumptions for this calculation are:

	2016	2015
Interest rate	2.3 %	3.5 %
Net interest rate	1.3 %	1.7 %

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20 Deferred income – capital grants

<b>Consolidated and College</b>	<b>2016</b> <b>£000</b>	2015 £000
Amounts falling due within one year	<b>496</b>	510
Amounts falling due after more than one year	<b>10,865</b>	11,215
	<b>11,361</b>	11,725

The movement in capital grants is as follows:

<b>Consolidated and College</b>	<b>WG</b> <b>£000</b>	<b>Other grants</b> <b>£000</b>	<b>Total</b> <b>£000</b>
<b>At 1 August 2015</b>			
Land and buildings	8,699	2,810	11,509
Equipment	42	175	217
<b>Cash received</b>			
Land and buildings	-	-	-
Equipment	192	-	192
<b>Released to income and expenditure account</b>			
Land and buildings	(286)	(122)	(408)
Equipment	(131)	(18)	(149)
<b>At 31 July 2016</b>			
Land and buildings	<b>8,413</b>	<b>2,688</b>	<b>11,101</b>
Equipment	<b>103</b>	<b>157</b>	<b>260</b>
	<b>8,516</b>	<b>2,845</b>	<b>11,361</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 Endowment reserves

#### Year ended 31<sup>st</sup> July 2016

Consolidated and College	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	Total £000
Balance at 1 August 2015					
Capital	-	21	-	21	21
Accumulated interest	-	-	-	-	-
<b>Total</b>	-	<b>21</b>	-	<b>21</b>	<b>21</b>
Increase in market value of investments	-	1	-	1	1
Expenditure for the year	-	(2)	-	(2)	(2)
<b>Balance at 31 July 2016</b>					
<b>Capital</b>	-	<b>20</b>	-	<b>20</b>	<b>20</b>
<b>Accumulated interest</b>	-	-	-	-	-
<b>Total</b>	-	<b>20</b>	-	<b>20</b>	<b>20</b>
Representing:					
Fellowship and scholarship funds	-	15	-	15	15
Prize funds	-	5	-	5	5
<b>Total</b>	-	<b>20</b>	-	<b>20</b>	<b>20</b>

#### Year ended 31<sup>st</sup> July 2015

Consolidated and College	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restrict ed Total £000	Total £000
Balance at – 1 August 2014					
Capital	-	22	-	22	22
Accumulated interest	-	-	-	-	-
<b>Total</b>	-	<b>22</b>	-	<b>22</b>	<b>22</b>
Increase in market value of investments	-	1	-	1	1
Expenditure for the year	-	(2)	-	(2)	(2)
<b>Balance at - 31 July 2015</b>					
<b>Capital</b>	-	<b>21</b>	-	<b>21</b>	<b>21</b>
<b>Accumulated interest</b>	-	-	-	-	-
<b>Total</b>	-	<b>21</b>	-	<b>21</b>	<b>21</b>
Representing:					
Fellowship and scholarship funds	-	16	-	16	16
Prize funds	-	5	-	5	5
<b>Total</b>	-	<b>21</b>	-	<b>21</b>	<b>21</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 22 Unrestricted reserves

#### Consolidated

	Revaluation	Income and expenditure	Total
	£000	£000	£000
At 1 August 2015	9,299	3,213	12,512
Transfer from revaluation reserve to income and expenditure account	(192)	192	-
Surplus for the year	-	970	970
Other comprehensive income	-	(4,385)	(4,385)
<b>At 31 July 2016</b>	<b>9,107</b>	<b>(10)</b>	<b>9,097</b>

#### College

	Revaluation	Income and expenditure	Total
	£000	£000	£000
At 1 August 2015	9,299	3,211	12,510
Transfer from revaluation reserve to income and expenditure account	(192)	192	-
Surplus for the year	-	971	971
Other comprehensive income	-	(4,385)	(4,385)
<b>At 31 July 2016</b>	<b>9,107</b>	<b>(11)</b>	<b>9,096</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23 Pension and similar obligations – Consolidated and College

The College's employees belong to two principal pension schemes, the Teachers Pension Scheme (TPS) which is unfunded and the Local Government Pension Scheme (LGPS) which is funded. Both are multi-employer defined benefit plans, the assets of the schemes being held in separate trustee-administered funds.

The total pension cost for the College was:

	2016	2015
	£000	£000
TPS: Contributions paid	1,362	1,318
LGPS: Charge to the Statement of Comprehensive Income:		
Contributions paid	933	874
FRS 102 charge	303	271
Staff restructuring (see below)	98	60
<b>Total pension cost</b>	<b>2,696</b>	<b>2,523</b>
	2016	2015
	£000	£000
<b>Staff restructuring</b>		
Benefits recharged during the year by the LGPS	60	60
Other staff restructuring costs	38	-
	<b>98</b>	<b>60</b>
	2016	2015
	£000	£000
<b>Total Contributions to LGPS</b>		
Benefits recharged during the year by the LGPS	60	60
Employer normal contributions	933	874
	<b>993</b>	<b>934</b>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### LGPS (Local Government Pension Scheme)

The last full actuarial valuation was performed on 31 March 2013 at which date the market value of assets of the scheme was £1,581 million. The actuarial value of the assets represented 89% of the fund's accrued liabilities after allowing for future increases in earnings. This equates to a shortfall of £199m.

The main feature of the funding plan is that contribution rates should be assessed based on recovery of the deficit over a maximum period of 17 years. If the deficit is recovered over this 17 year period then the average employer contribution rate would be 12.9% of pensionable pay plus £13 m per annum increasing at 4.1 % per annum (equivalent to 5.1 % of pensionable pay at the valuation date). The average employer contribution rate at the previous valuation was 15.2 % of pensionable pay.

The agreed contribution rate for the year commencing 1 April 2016 is 14.3% (2015: 14.3%), plus a fixed monthly payment of £12,025 ( £144,300 per annum).

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23 Pension and similar obligations (continued)

An actuarial valuation of the scheme was also carried out at 31 July 2016, 31 July 2015 and at 31 July 2014 by a qualified independent actuary using the projected unit method. The major assumptions used by the actuary were:

	2016	2015	2014
Rate of inflation - CPI	1.70%	2.20%	2.30%
Rate of increase in salaries	3.20%	3.70%	3.80%
Rate of increase in pensions	1.80%	2.20%	2.30%
Discount rate	2.60%	3.80%	4.30%
Mortality			
	Years	Years	Years
Retiring Today - Males	23.4	23.3	23.2
Retiring Today - Females	25.9	25.8	25.7
Retiring in 20 years' time - Males	25.7	25.5	25.4
Retiring in 20 years' time - Females	28.2	28.1	28.0

Asset allocation:

	2016	2015	2014
	Split	Split	Split
	%	%	%
Equities	68.9	69.7	70.1
Government bonds	10.5	9.7	9.6
Other bonds	9.5	9.8	9.7
Property	10.8	10.3	10.2
Cash	0.3	0.5	0.4
	100.0	100.0	100.0

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23 Pension and similar obligations (continued)

The following amounts at 31 July 2016, 31 July 2015 and at 31 July 2014 were measured in accordance with the requirements of FRS 102:

	2016 £000	2015 £000	2014 £000
Fair value of plan assets	32,356	28,393	25,124
Liabilities	(45,891)	(36,934)	(31,753)
Deficit in the scheme/net pension liability	(13,535)	(8,541)	(6,629)

The following components of the pension charge have been recognised in the Statement of Comprehensive Income for the years ended 31 July 2016 and 31 July 2015:

	2016 £000	2015 £000
<b>Amounts recognised in the statement of Comprehensive Income :</b>		
<b>Amounts included in staff costs</b>		
Current service cost	(1,267)	(1,203)
Administration cost	(28)	(30)
Curtailement cost	-	(2)
Operating cost	(1,295)	(1,235)
<b>Analysis of amounts charged to financing of provisions</b>		
Expected return on assets	1,085	1,092
Interest on pension liabilities	(1,391)	(1,358)
Net finance (cost)/income	(306)	(266)
<b>Amounts recognised in other Comprehensive Income</b>		
Difference between actual and expected return on scheme assets	2,568	1,669
Effects of changes in assumptions underlying the present value of scheme liabilities	(6,953)	(3,014)
Actuarial (loss)/gain	(4,385)	(1,345)
<b>Movement in the College's share of the scheme's deficit during the year</b>		
Deficit in scheme as at 1 August	(8,541)	(6,629)
Operating cost	(1,295)	(1,235)
Net finance (cost)/income	(306)	266
Actuarial (loss)/gain	(4,385)	(1,345)
Contributions	993	934
(Deficit) in scheme as at 31 July	(13,535)	(8,541)

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23 Pension and similar obligations (continued)

#### Asset and Liability Reconciliations:

Reconciliation of Liabilities	2016	2015
	£000	£000
<b>Liabilities at start of year</b>	<b>36,934</b>	31,753
Current service cost	1,267	1,203
Interest cost	1,391	1,358
Contribution by scheme participants	340	366
Actuarial loss/(gain)	6,953	3,014
Benefits paid	(994)	(762)
Curtailments and settlements	-	2
<b>Liabilities at end of year</b>	<b>45,891</b>	36,934

Reconciliation of Assets	2016	2015
	£000	£000
<b>Assets at start of year</b>	<b>28,393</b>	25,124
Expected return on assets	1,085	1,092
Actuarial gain/(loss)	2,568	1,669
Administration expenses	(29)	(30)
Contributions by the employer	993	934
Contributions by the scheme participant	340	366
Benefits paid	(994)	(762)
<b>Assets at end of year</b>	<b>32,356</b>	28,393

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

#### History of experience gains and losses

	2016	2015
Defined benefit obligation (£000)	32,356	(36,934)
Plan assets (£000)	(45,891)	28,393
<b>Deficit (£000)</b>	<b>(13,535)</b>	(8,541)

Difference between actual and expected return on scheme assets:

Amount (£000)	2,568	1,669
Percentage of scheme assets	7.9%	5.8%

Experience gains and losses arising on scheme liabilities:

Amount (£000)	-	-
Percentage of scheme liabilities	-	-

Effects of changes in assumptions underlying the present value of scheme:

Amount (£000)	(6,953)	(3,014)
Percentage of scheme liabilities	(15.2%)	(8.2%)

Total of amounts recognised in the statement of Comprehensive income:

Amount (£000)	(4,385)	(1,345)
Percentage of scheme liabilities	(9.6%)	(3.6%)



# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23 Pension and similar obligations (continued)

#### TPS (Teachers Pension Scheme)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The latest actuarial valuation of the scheme was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employers Cost Cap) Directions 2014. The Government Actuary (GA) reported on the valuation of the Teachers' Pension Scheme on 9 June 2014. The GA concluded that:

- at the date of the valuation, the liabilities in the scheme were £191.5 bn and the value of the assets was £176.6 bn giving a notional past service deficit of £14.9 bn;
- the total recommended rate of contribution payable by employers from 1 April 2015 is 16.4% (previously 14.1%) of salary; and
- there would be an employer cost cap of 10.9% of pensionable pay.

The financial assumptions adopted for the current valuation and, for comparison, those adopted for the 2004 valuation, are shown below:

	2012 Valuation	2004 Valuation
Discount rate :		
Real	3.00%	3.50%
Nominal	5.06%	6.50%
Pensions increases	2.00%	2.90%
Long term salary growth	4.75%	4.40%
- In excess of assumed CPI	2.75%	1.50%

#### FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme.

The TPS is unable to provide for the College an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption of FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implication for the College in terms of the anticipated contribution rates.

**COLEG SIR GÂR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**24 Reconciliation of consolidated operating surplus/(deficit) to net cash inflow/(outflow) from operating activities**

	2016	2015
	£000	£000
Surplus/(deficit) for the year	970	(2,013)
<b>Adjustments for investing or financing activities:</b>		
Interest paid	42	28
Interest (received)	(20)	(182)
<b>Adjustments for non-cash items:</b>		
Depreciation (note 12)	1,388	1,124
Increase in provision for bad and doubtful debts	8	14
Surplus on disposals of fixed assets	(1)	(5)
Revaluation of investments	(8)	(16)
Deferred capital grants released to income:		
WG (note 1)	(557)	(510)
Specific grants released to income	(441)	(510)
Pension cost less contributions payable	609	566
(Increase)/Decrease in stocks	(30)	(22)
Decrease in debtors	18	151
Decrease in prepayments and accrued income	480	390
Increase/(decrease) in creditors	87	(1,006)
(Decrease)/increase in other taxation and social security	(238)	223
Increase/(decrease) in accruals	445	(251)
(Increase)/Decrease in provisions	(245)	(48)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,507</b>	<b>(2,067)</b>

**25 Cash flows from financing activities**

	2016	2015
	£000	£000
Interest received	20	182
Interest element of finance lease rental payments	(42)	(28)
Capital element of finance lease payments	141	124
	<b>119</b>	<b>278</b>

**26 Cash flows from investing activities**

	2015	2014
	£000	£000
Payments to acquire tangible fixed assets	(1,239)	(1,371)
Proceeds from disposal of tangible fixed assets	1	5
Payments to acquire new investment	(16)	(40)
Deferred capital grants received	192	141
Unspent specific grants received	40	42
	<b>(1,022)</b>	<b>(1,223)</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 27 Cash flows from management of liquid resources

	2016 £000	2015 £000
Movement in endowment assets	(1)	(2)
	(1)	(2)

### 28 Cash and cash equivalents

	2016 £000	2015 £000
Cash in hand and at bank	6,334	4,729
Endowment asset	8	10
Net cash	6,342	4,739

### 29 Analysis of changes in net funds

	1 August 2015 £000	Cash flows £000	31 July 2016 £000
Cash in hand and at bank	4,729	1,605	6,334
Endowment asset	10	(2)	8
	4,739	1,603	6,342
Debt due within one year	-	-	-
Debt due after one year	-	-	-
	-	-	-
Net funds	4,739	1,603	6,342

### 30 Capital commitments

	2016 £000	2015 £000
Commitments contracted for at 31 July	109	127
Commitments authorised at 31 July	109	127

### 31 Financial commitments

At 31 July 2016 the College was committed to making the following minimum lease payments under non-cancellable operating leases:

	2016 Land and buildings £000	2016 Other £000	2015 Land and buildings £000	2015 Other £000
Not later than one year	44	129	44	136
Later than one year and not later than five years		46		135
Later than five years	-	-	-	-
	44	175	44	271

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 32 Related party transactions

The College maintains a register of its interests for Directors of the Company and key management personnel. The following were outstanding / carried out during the year ended 31<sup>st</sup> July 2016:

Coleg Ceredigion - Group Member

- £0 receivable (2015: £570), £0 payable (2015: £0)
- Total income for the year £(270) (2015: £570), total purchases for the period £1,003 (2015: £26,875)

UWTSD – Parent

- £29,854 receivable (2015: £6,508), £279,921 payable (2015: £62,880)
- Total income for the year £758,037 (2015: £683,742), total purchases £883,334 (2015: £285,347)

Fforwm Services Limited – Barry Liles is a director

- £1,590 payable (2015: £0)
- Total purchases for the year £38,607 (2015: £45,250)

### 33 Amounts dispersed as agents

The College acts as agent in the administration of learner support funds which are available solely for students. The grants and related disbursements are excluded from the income and expenditure account.

Financial Contingency Funds	2016			2015		
	WG £000	HEFCW £000	Total £000	WG £000	HEFCW £000	Total £000
Balance unspent at 1 August	23	-	23	29	-	29
Grants received	314	-	314	359	-	359
Available for distribution	337	-	337	388	-	388
Disbursed to students	(314)	-	(314)	(354)	-	(354)
Administration costs	(11)	-	(11)	(11)	-	(11)
Balance unspent at 31 July	12	-	12	23	-	23

### 34 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is the University of Wales: Trinity Saint David, a Higher Education Corporation. The results of the Company have been incorporated in the University of Wales: Trinity Saint David consolidated financial statements, which form the largest and smallest group for which the Company's statements are consolidated, copies of which are obtained from the following address:

University of Wales: Trinity Saint David  
Carmarthen Campus  
Carmarthen  
SA31 3EP

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 35 Transition to FRS 102 and the 2015 FE HE SORP

The year ended 31<sup>st</sup> July 2016 is the first year that the college has presented statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31<sup>st</sup> July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1<sup>st</sup> August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

An explanation of how the transition has affected the College's financial position, financial performance and cash flows is set out below.

	1 <sup>st</sup> August 2014		31 <sup>st</sup> July 2015	
	Consolidated £000	College £000	Consolidated £000	College £000
<b>Financial Position</b>				
Net assets under previous SORP	28,708	28,705	24,991	24,990
Employee leave accrual (see note (a))	(722)	(722)	(727)	(727)
Conversion of operating leases to finance leases (see note (e))	-	-	(6)	(6)
Reclassification of deferred capital grants (see note (f))	(12,094)	(12,094)	(11,725)	(11,725)
<b>Net assets under new SORP</b>	<b>15,892</b>	<b>15,889</b>	<b>12,533</b>	<b>12,531</b>

	31 <sup>st</sup> July 2015	
	Consolidated £000	College £000
<b>Financial Performance</b>		
<b>Surplus for the year after tax under previous SORP</b>	<b>(1,552)</b>	<b>(1,550)</b>
Employee leave accrual (see note (a))	(5)	(5)
Revaluation of investments	16	16
Release of non-government grants (see note (b))	-	-
Conversion of operating leases to finance leases (see note e))	(6)	(6)
Changes to measurement of net finance cost on defined benefit schemes (see note (c))	(466)	(466)
<b>Total effect of transition</b>	<b>(461)</b>	<b>(461)</b>
<b>Surplus for the year under new SORP</b>	<b>(2,013)</b>	<b>(2,011)</b>
Pensions actuarial loss recognised in other comprehensive income (see note (d))	(1,345)	(1,345)
<b>Total comprehensive income for the year</b>	<b>(3,358)</b>	<b>(3,356)</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### **(a) Recognition of short term employment benefits**

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31<sup>st</sup> August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 12 days unused leave for teaching staff and 11 days unused leave for non-teaching staff. In addition, and by exception, certain employees may be entitled to carry forward unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £(722,000) was recognised at 1 August 2014, and £(727,000) at 31 July 2015. Following re-measurement, the movement on this provision of £(5,000) has been charged to Comprehensive Income in the year ended 31 July 2015.

### **(b) Non-government grants accounted for under performance model**

The College has not previously been in receipt of certain grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant field assets. This accounting treatment is no longer available for non-government grants and such grants would have to be accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met. Thus there has been no impact in respect of non-government grants on the transition to FRS 102 and the 2015 FE HE SORP.

### **(c) Change in recognition of defined benefit plan finance costs**

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31<sup>st</sup> July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year (which for the year ended 31 July 2015 was £466,000) has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

### **(d) Presentation of actuarial gains and losses within Total Comprehensive Income**

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### **(e) Conversion of existing operating leases to finance leases**

The College converted a number of existing operating leases to finance leases on the adoption of FRS 102. The net effect on the 2015 net asset position was £6,000 (no effect on 2014). The adjustments are reflected in the opening balances as at 31<sup>st</sup> July 2015.

### **(f) Reclassification of deferred capital grant balance**

The previous SORP presented deferred capital grants within reserves. The new SORP has reclassified this balance so it must now be held as deferred income within creditors. This has resulted in a reduction in the College's net assets of £12,094,000 as at 1 August 2014 and £11,725,000 as at 31 July 2015, with no impact on surplus for the year ended 31 July 2015.