



# colegsirgâr

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

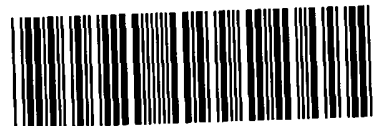
**ANNUAL REPORT**

**FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2018**

Company registration no : 8539630

Charity registration no : 1152522

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# 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 850 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: 6/12/18 .....

Mrs Maria Stedman  
Director

# COLEG SIR GÂR

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JULY 2018

The directors present their strategic report for the year ended 31 July 2018.

#### **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. The College was incorporated on 30 September 1992, although the Corporation did not become an independent Institution until 1 April 1993 (vesting day).

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.

On the 1<sup>st</sup> August 2017, Coleg Ceredigion became a wholly owned subsidiary of Coleg Sirgar, having formerly been a direct subsidiary of the ultimate parent company 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.

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 £34 m and employs circa 850 staff. Of these, 490 are directly involved in teaching and 360 in support and administrative functions

# COLEG SIR GÂR

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 JULY 2018 (continued)

#### Principal activities (continued)

##### 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.

#### 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 UWTSU Group, for the benefit of all our learners.

##### Our Delivery

- To achieve and value excellence in Teaching and Learning.

# COLEG SIR GÂR

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 JULY 2018 (continued)

- 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.

#### Financial Performance and Objectives

The College's financial objectives are:

- to achieve an annual operating surplus (defined as a surplus prior to FRS 102 non cash pension costs) 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 increased to circa £34 million (2017: £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 64%. The average number of staff employed remained relatively constant. Other operating expenses increased as a percentage of total income from 30% to 33%.
- The loss for the year was £882,000 (2017: £479,000 loss).
- The liquidity position remains satisfactory, with the ratio of short-term assets to creditors falling due within one year standing at 2.1 (2017: 2.1).
- Net assets have increased from £10.6 million to £15.7 million. Net assets, excluding defined benefit obligations have increased from £23.2 million to £23.6 million. For further details on the accounting standards under which these financial statements are prepared, see the Statement of Principal Accounting Policies and Estimation Techniques on page 32.
- 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 2018 has been estimated at £698,000 (2017: £727,000).

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

### **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.

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

At £0.4 million the net cash flow from operating activities, although lower than the 2017 comparative of £0.9 m, remained reasonably strong in 2018. Overall cash balances reduced by £ 1.3 m (from £7.3m to £6.0m) as a result of significant capital investment. 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 stakeholders, the Regional Learning and Skills Partnership (RLSP), 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 RLSP. 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.

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. In a similar vein, Coleg Ceredigion became a subsidiary of Coleg Sir Gar on the 1<sup>st</sup> August 2017.



# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

### Partnership and Transformation (continued)

Through partnerships within the education authority and with local partner schools (over 20 schools), the breadth and volume of vocational opportunities for 14-19 school pupils is significant.

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) and CYFLE, 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 and Skills Partnership and to the 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.
- 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, National Botanical Gardens Wales and Aberglasney Gardens, all 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.

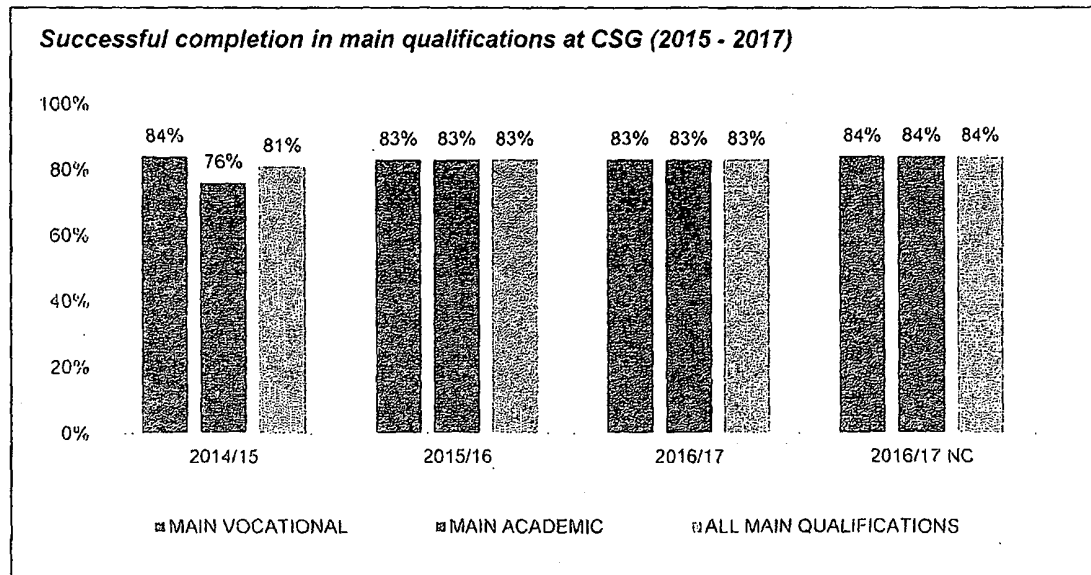
# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

## Further Education performance measures (latest available figures)

Successful completion at CSG is good at 87%. Success is at the national comparator of 87% and is within the upper quartile of further education providers' performance in Wales.

<b>Successful completion at CSG (2015 - 2017)</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>All Sectors</b>	87%	87%	87%
Information and Communication Technology			
Retail and Commercial Enterprise			
Business, Administration and Law	78%	82%	
Education and Training	75%		
Social Sciences	77%		
Preparation for Life and Work			
Languages, Literature and Culture			
Health, Public Services and Care	83%	82%	
Arts, Media and Publishing	77%		84%
Construction, Planning and the Built Environment			83%
Science and Mathematics	77%	74%	81%
History, Philosophy and Theology			81%
Leisure, Travel and Tourism	80%	73%	79%
Agriculture, Horticulture and Animal Care		80%	79%
Engineering and Manufacturing Technologies	81%	80%	77%

Successful completion in all main academic and vocational qualifications at CSG is good at 83%, and is marginally below the national comparator of 84%.

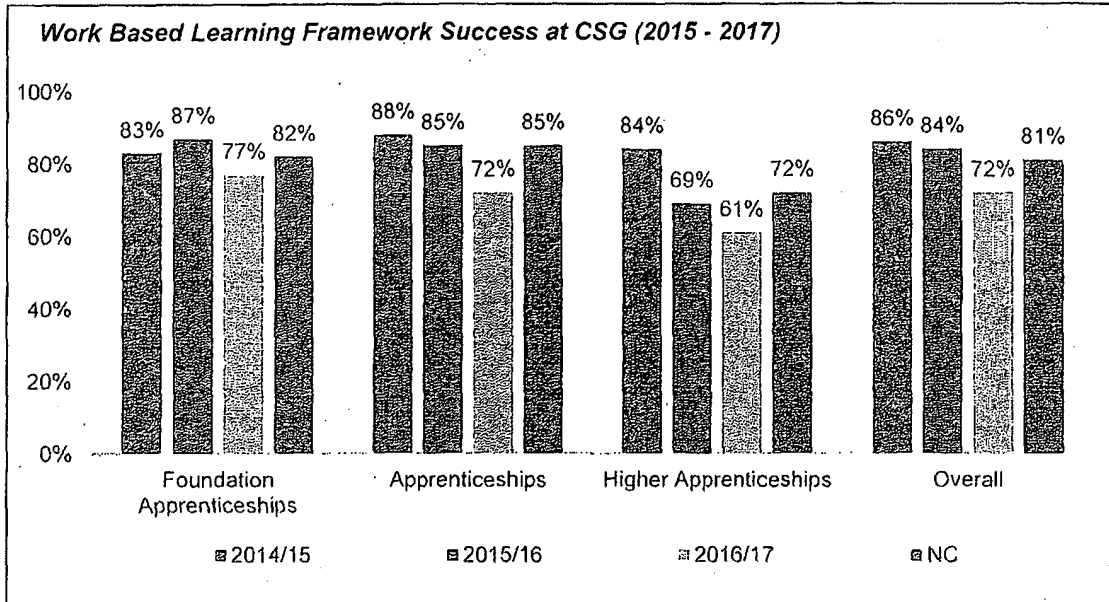


The College delivers qualifications in fifteen main Sector Subject Areas (SSAs). Seven of its SSAs are performing within the upper sector quartiles, with Information and Communication Technology; Retail and Commercial Enterprise; and Business Administration and Law; being the top performing SSAs in the sector. Six SSAs are performing in the third quartile, with Agriculture, Horticulture and Animal Care; and Engineering and Manufacturing Technologies performing in the fourth quartile

# JLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

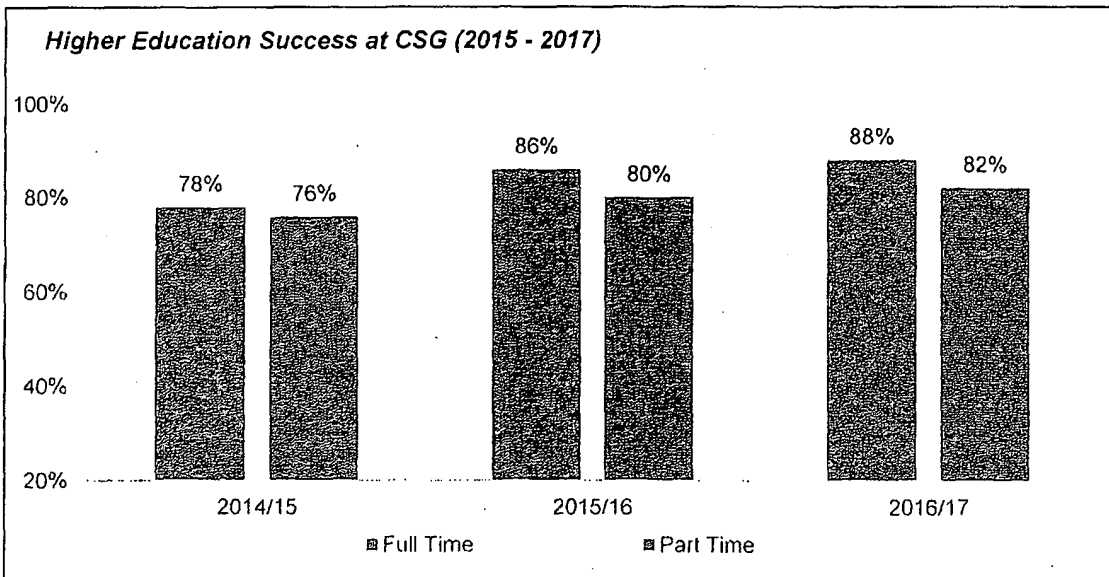
## Work-Based Learning

The overall success rate for work-based learning in 2016/17 was adequate at 72%, and is below the NC of 81%. Improving consistency and standards in work-based learning, particularly at apprenticeship and higher apprenticeship levels continues to be a strategic target.



## Higher Education

Higher education success continue to improve. In 2016/17, 88% success was achieved in full time courses and 82% in part time. The College will continue to monitor its trends in performance and strive towards continuing to improve its standards at the higher education level.




# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

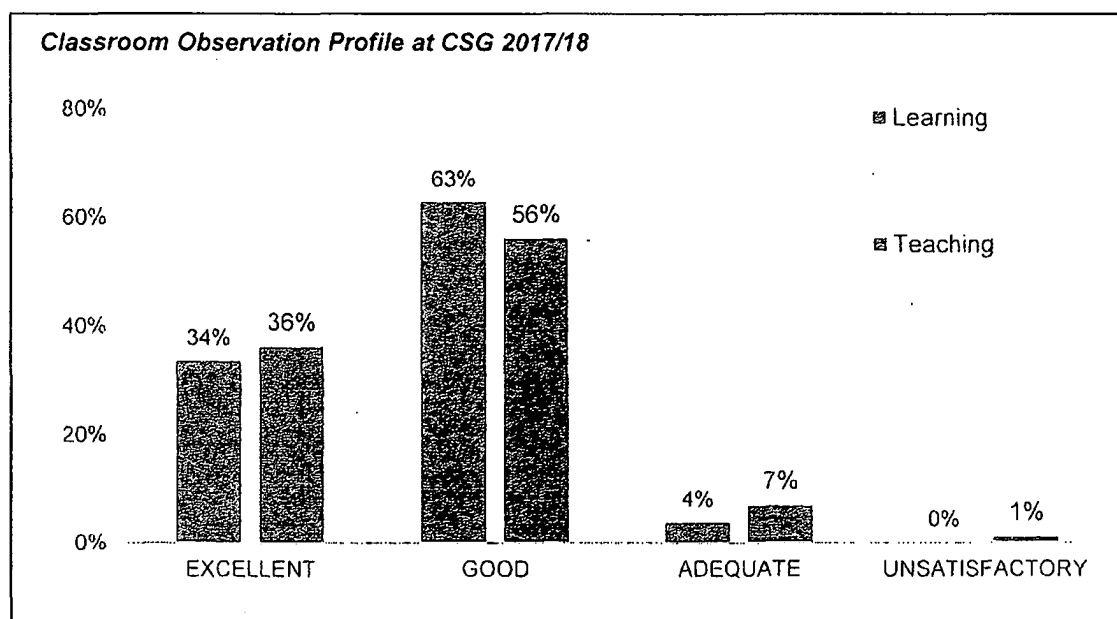
## Quality of Teaching and Learning

The quality of teaching and learning continues to improve. The College was awarded the Colegau Cymru/ Colleges Wales 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' and in 2016-17 it won a National Association of Colleges Beacon Award in 2017.  Beacon Awards Winner 2016/17

This project focuses on improving the professional practice of teachers. Fundamental to the process is each teacher undertaking a self-assessment of their performance against key performance criteria. This in turn leads to a teaching profile that indicates bespoke areas for staff development. Attendance at staff development is high and after a period of implementation, self-assessment is undertaken once again. The project has demonstrated that the College has made an overall improvement in teaching and learning standards. The project is Quality assured at all levels.



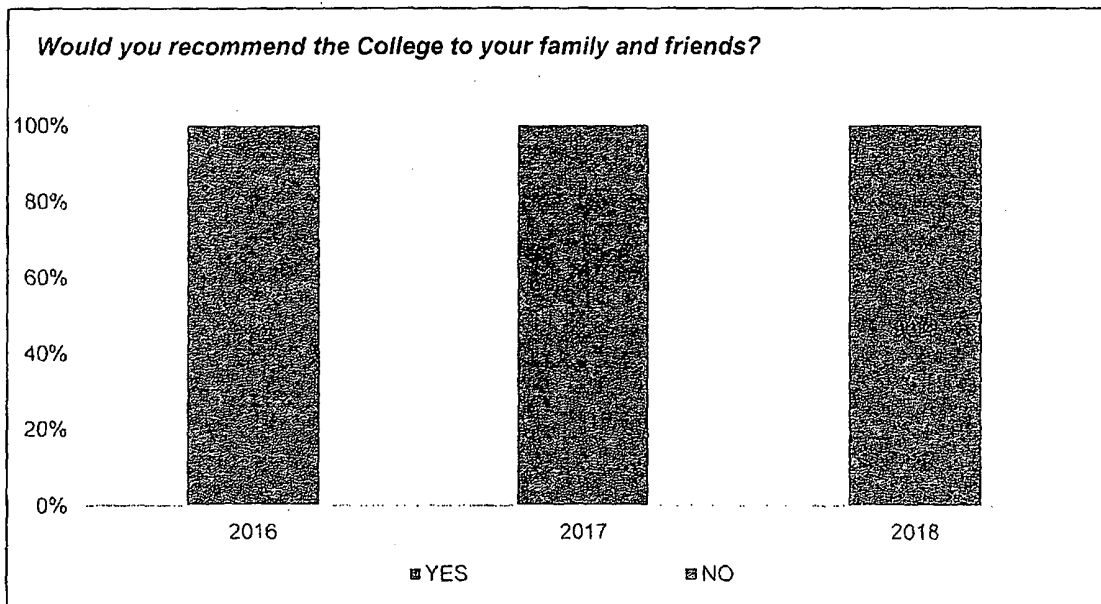
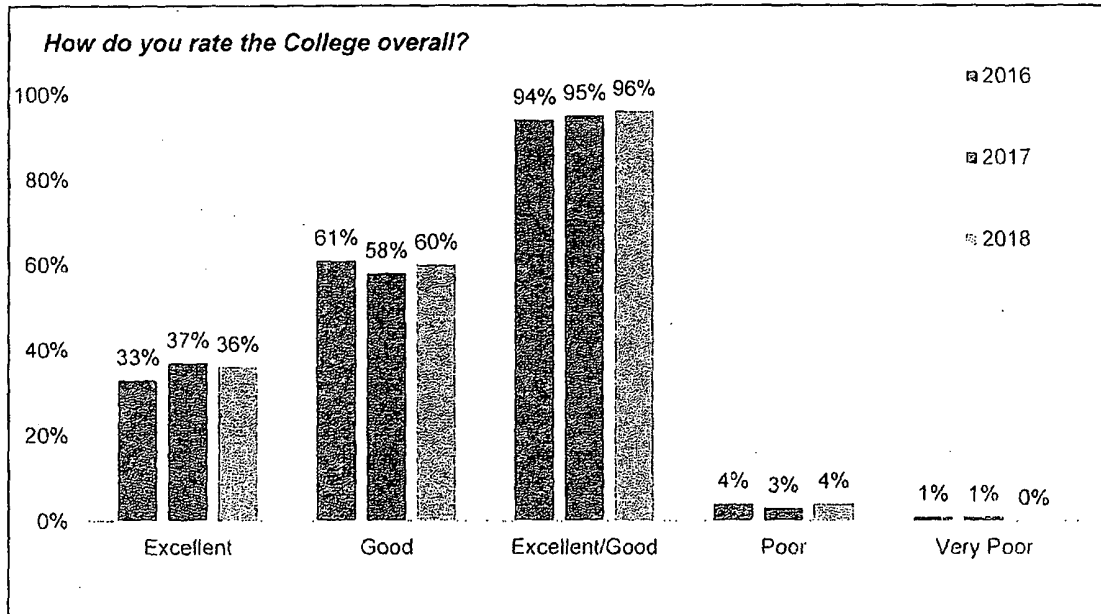
In 2017/18, the College re-introduced its formal classroom observation process after a two-year period of peer observation. The outcomes from this cycle of observations are very positive with 97% of observed sessions being grades as good or excellent for 'learning', and 92% for 'Teaching'.

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 2018 (continued)

## Learner Voice (Further Education)

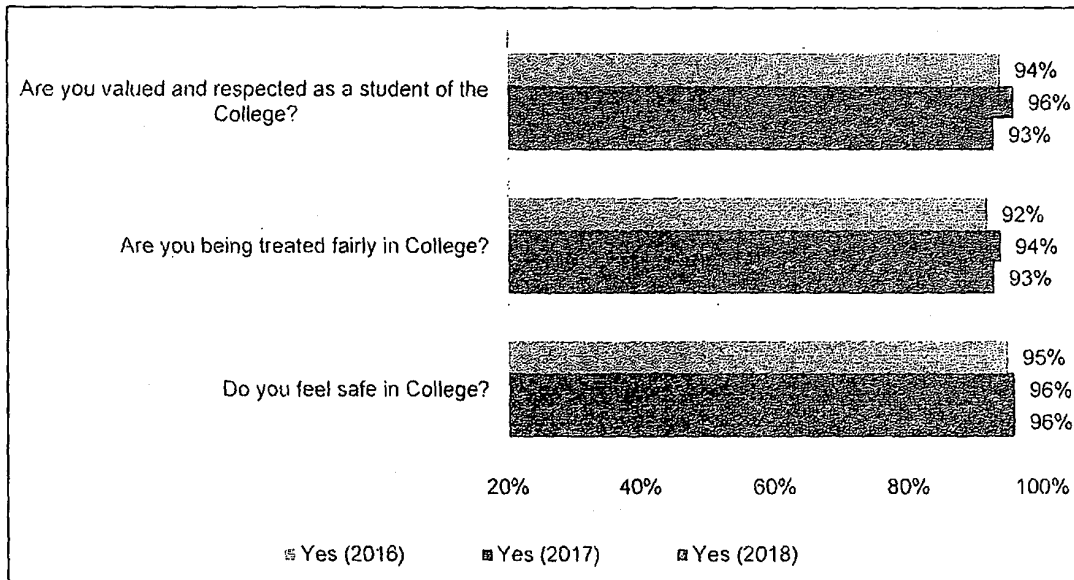
Learner Voice is an integral process within the College's annual quality improvement calendar. Learner perception of the College remains positive with 96% of respondents rating the College as being good or excellent, whilst 93% of respondents stating that they would recommend the College to others.



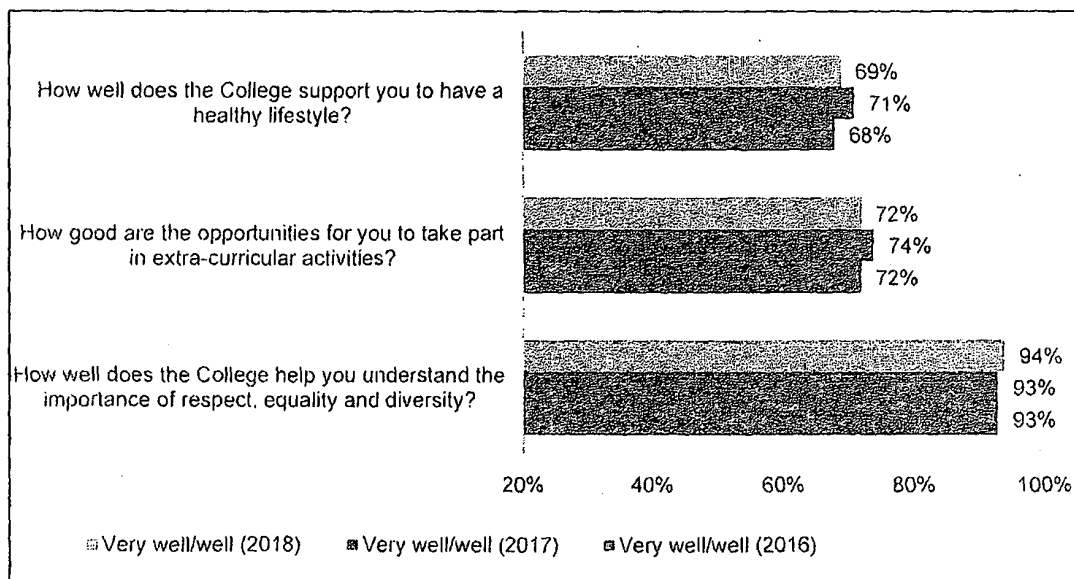
# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

## 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.



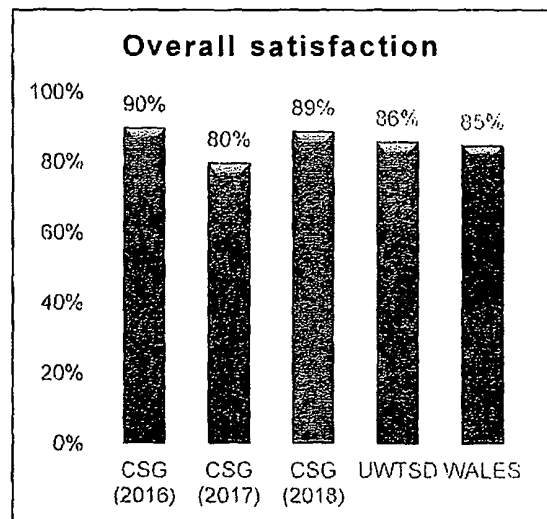
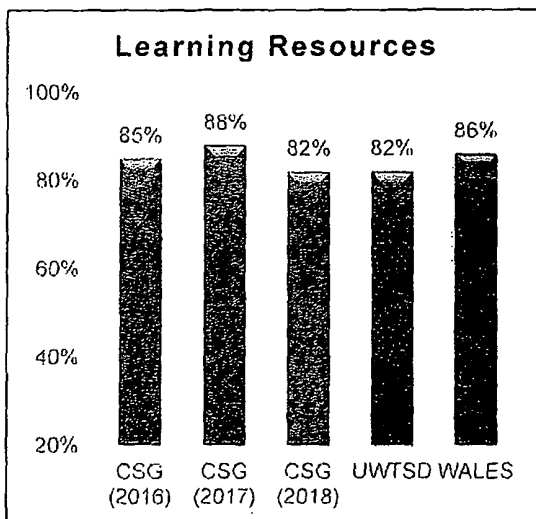
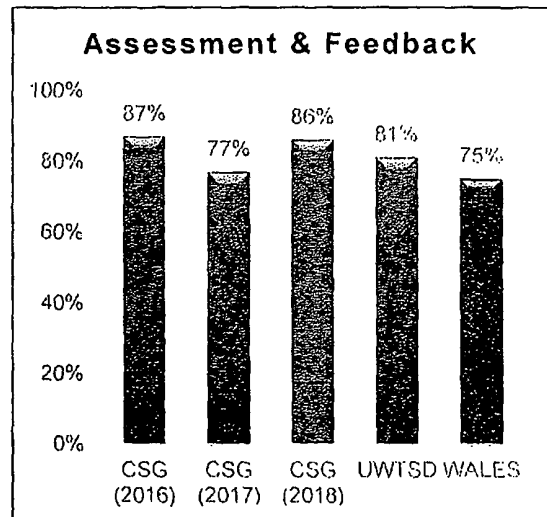
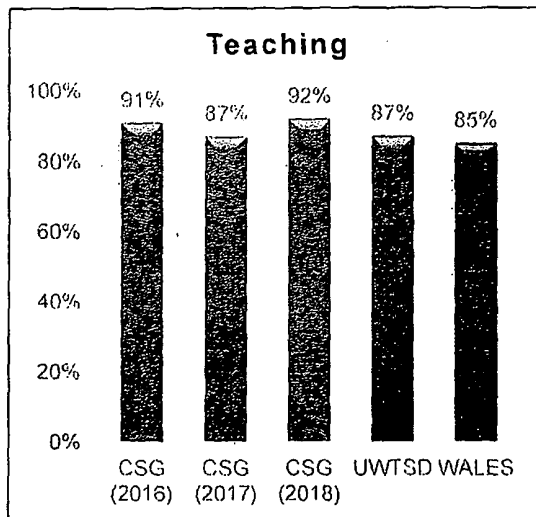
The College has implemented an excellent 'Respect' campaign to promote an ethos of tolerance, equality and diversity across all campuses. The campaign has effectively raised awareness among learners and staff through a wide range of media and activities that are prominently displayed throughout the campuses.



# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

## Learner Voice (Higher Education)

Over recent years' 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 from the 2018 National Student Survey, showed a significant improvement in student satisfaction in comparison to the 2017 survey.



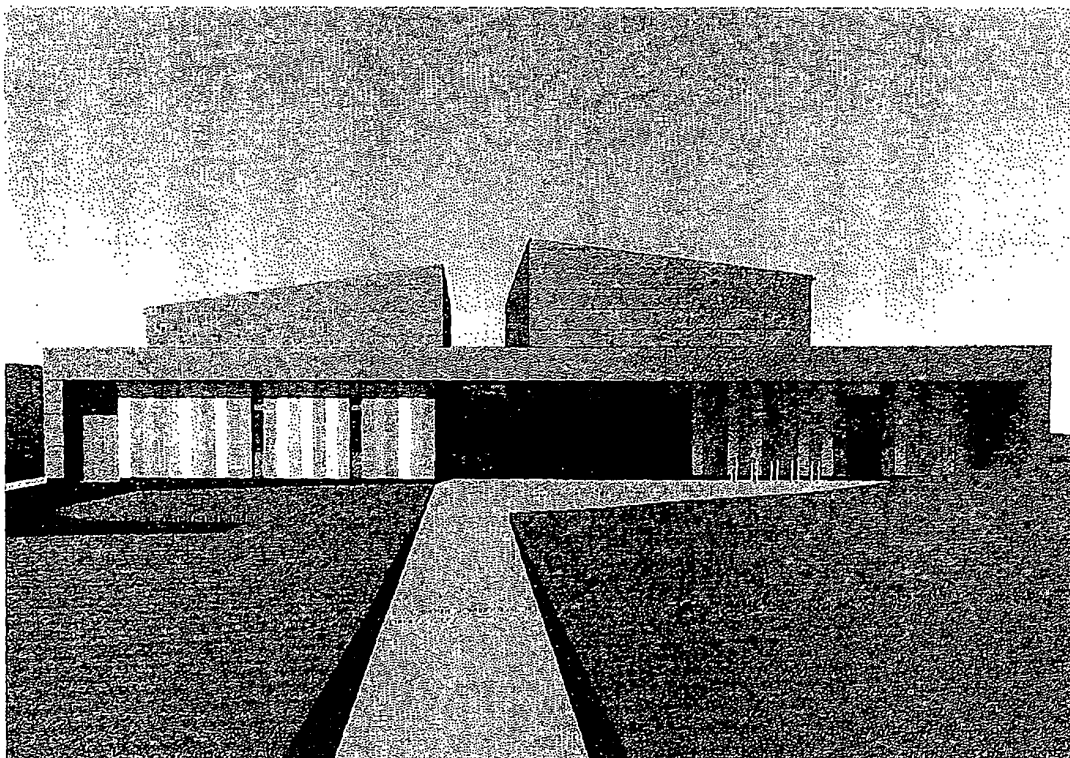
# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

## Capital Investment and Accommodation

The College was invited to bid into two funds made available by Welsh Government in both 2016 - 17 and 2017-18 under the 21<sup>st</sup> Century Schools and Education Programme; namely:

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

The College received an award of £1.5m under the Capital Investment initiative in 2016-17 and with match funding of £ 2m, built a specialist centre for Performance and Sport Science at its Graig campus in 2017-18. The building was fully operational from September 2018.



Under the second Initiative in 2017-18, the College was awarded £390 k to fund a wide range of industry standard equipment and to update key elements of its IT infrastructure. Although some expenditure was recognised in 2017/18, the majority will be expedited in 2018/19



# **COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (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:

- The continuation of the Integration of Coleg Ceredigion into Coleg Sir Gar
- Continuing its improvement in learner outcomes
- Improving teaching and learning
- The development 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.

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 real terms of government funding**

The College relies on government funding, and the current climate is such that there are continuous pressures on this income stream. Although there was an increase in funding provided by Welsh Government in 2017/18, in real terms this was less than other inflationary costs suffered by the college.

This risk is mitigated in a number of ways:

# COLEG SIR GÂR STRATEGIC REPORT FOR THE PERIOD ENDED 31 JULY 2018 (continued)

- 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 and Coleg Cerdigion 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.

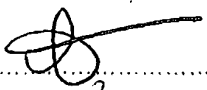
## Key Performance Indicators

The College is pleased to confirm that the target of breakeven before defined benefit obligation costs has been surpassed with an actual surplus before non-cash defined benefit obligation costs of £389,000 (16/17 : £545,000). The loss for the year after defined benefit obligation costs is £882,000 (deficit of £480,000 in 16/17), with non-cash adjustments being £1,271,000 (16/17 : £1,025,000).

Student numbers remained relatively buoyant for the year, but total FE full time numbers were less than was achieved in the prior year. This was mainly due to local area demographics.

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

This report was approved by the board on 6/12/18 and was signed on behalf of the board by:

Signature  .....

Date: 6.12.18 .....

Mrs Maria Stedman  
Director

# COLEG SIR GÂR

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2018

The directors present their report and the audited financial statements of the Company for the year ended 31st July 2018.

#### 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 2018.

#### 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>
Mrs Maria Stedman (Chair – from 18/01/2018)	100 %
Mr Roger Evans *# (Chair – resigned 18/01/2018)	66 %
Mr Phillip Owen *# (resigned 28/04/2018)	100 %
Mr Jonathan Daniels *# (resigned 13/12/2017)	50 %
Mr Hywel Jones *#	33 %
Ms Rosemary Pritchard *#	83 %
Mr Barry Liles# (Principal) (resigned 01/09/18)	100 %
Mr Paul Jones*#	66 %
Ms Wendy Walters*# (resigned 28/06/2018)	0 %
Mrs Janet Morgan*#	100 %
Mr Huw Davies*#	50 %
Mr Delwyn Jones*#	100 %
Joseph Toft*# (appointed 01/08/2017)	50 %
Eifion Griffiths*# (appointed 13/12/2017)	100 %
Geraint Roberts*# (appointed 22/03/2018)	100 %
Marion Phillips *# (13/12/2017)	100 %
John Edge*# (13/12/2017)	100 %
Hywel Davies*# (13/12/2017)	100 %
Andrew Cornish (01/09/18)	N/A

(\* non – executive directors)  
(# Trustees)

# COLEG SIR GÂR

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2018 (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 2018 was as follows:-

	2018	2018	2017	2017
	No	£000	No	£000
Total Invoices Received	6,790	21,329	6,839	17,786
Paid on time	5,205	19,712	5,257	15,543
% of total invoices received	77%	92%	77%	88%
Trade Creditors at 31 July - (Note 16)		1,435		676
		25 days	14 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 17/18, the college completed works on a new innovative Sports and Performance new build which cost circa £3.8 m This will significantly enhance the learning experience for both the Sports and Performing Arts students as well as enhance the facilities available to support the wellbeing of staff, students and the local community.

# COLEG SIR GÂR

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2018 (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 in accordance with applicable law and regulations.

Applicable law requires the directors to prepare financial statements for each financial year. The directors have therefore prepared the financial statements in accordance with applicable law and UK Accounting Standards, including the Statement of Recommended Practice – Accounting for Further and Higher Education 2015, the Accounts Direction for 2017/18 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:

- comply with the College's Instrument and Articles, all statutory requirements relating to the College's financial affairs, the Financial Memorandum, any other requirements of the Welsh Government, and any other regulations relating to the constitution and activities of the College which are relevant to its financial affairs;

## COLEG SIR GÂR DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2018 (continued)

- give a true and fair view of the state of affairs of the College, and its surplus or deficit and cash flows for that period.

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
- assess the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the College's transactions and disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

In addition, within the terms and conditions of the financial memorandum agreed between the College and Welsh Government (WG), the directors are responsible for establishing and maintaining a system of controls, financial and otherwise, in order to carry on the operation of the College in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets, ensure that funds have been applied for the purposes for which they were given and secure, as far as possible, the completeness and accuracy of the records.

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

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the Board on 6/12/18 and was signed on behalf of the Board by:



Mrs Maria Stedman  
Director

Date: 6/12/18

# COLEG SIR GÂR

## 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 Code of Good Governance for Colleges in Wales, as issued by Colegau Cymru (Colleges Wales). 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 mandatory provisions of the code so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2018 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 2018, 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 2018 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 2018 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 2018 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 2018 meeting, the Board carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2018.

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



Mrs Maria Stedman

Director

Date: 6/12/18

# COLEG SIR GÂR

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

### Opinion

We have audited the financial statements of Coleg Sir Gar ("the College") for the year ended 31 July 2018 which comprise the College Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies and Estimation Techniques.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2018, and of its deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education* and the *Accounts Direction for 2017/18* issued by the Welsh Government to further education institutions; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the College in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The directors are responsible for the other information, which comprises the Public Benefit Statement, the Strategic Report, the Directors' Report and the Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information
- in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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; or

# COLEG SIR GÂR

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 20, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FR C's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

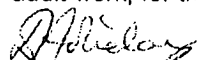
We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000.

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the College 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 between the Welsh Government and further education institutions.

### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.



**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: 14th December 2018

# COLEG SIR GÂR

## COLLEGE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £000	2017 £000
<b>Income</b>			
Funding body grants	1	20,506	19,860
Tuition fees and education contracts	2	6,477	6,253
Other income	3	6,835	4,822
Investment income	4	29	26
<b>Total income</b>		<b>33,847</b>	<b>30,961</b>
<b>Expenditure</b>			
Staff costs	5	21,686	20,025
Other operating expenses	7	11,106	9,436
Depreciation	11	1,588	1,599
Interest and other finance costs	9	354	388
<b>Total expenditure</b>		<b>34,734</b>	<b>31,448</b>
(Deficit) before other gains and losses		(887)	(487)
(Loss)/gain on disposal of fixed assets		(11)	10
Gain/(Loss) on investments		15	(2)
(Deficit) before tax		(883)	(479)
Taxation		-	-
(Deficit) for the year		(883)	(479)
Actuarial gain/ (loss) in respect of pension schemes	21	5,992	1,920
<b>Total Comprehensive Income for the year</b>		<b>5,109</b>	<b>1,441</b>
Represented by :			
Unrestricted comprehensive income		5,109	1,441
Restricted comprehensive income		-	-
		<b>5,109</b>	<b>1,441</b>

All amounts are derived from continuing operations.

The accompanying notes are an integral part of the Financial Statements

# COLEG SIR GÂR

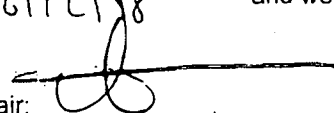
## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDING 31 JULY 2018


	Income and Expenditure account	Revaluation reserve	Endowments	Total
		£000	£000	£000
Balance at 31 <sup>st</sup> July 2016	(11)	9,107	20	9,116
(Deficit) from the income & expenditure account	(479)	-	-	(479)
Other comprehensive income	1,920	-	-	1,920
Transfers between revaluation and income & expenditure reserves	192	(192)	-	-
<b>Movement</b>	<b>1,633</b>	<b>(192)</b>	<b>-</b>	<b>1,441</b>
<b>Balance at 31<sup>st</sup> July 2017</b>	<b>1,622</b>	<b>8,915</b>	<b>20</b>	<b>10,557</b>
Deficit) from the income & expenditure account	(882)	-	(1)	(883)
Other comprehensive income	5,992	-	-	5,992
Transfers between revaluation and income & expenditure reserves	192	(192)	-	-
<b>Movement</b>	<b>5,302</b>	<b>(192)</b>	<b>(1)</b>	<b>5,109</b>
<b>Balance at 31<sup>st</sup> July 2018</b>	<b>6,924</b>	<b>8,723</b>	<b>19</b>	<b>15,666</b>

**COLEG SIR GÂR**  
**BALANCE SHEET**  
**AS AT 31 JULY 2018**

	Notes	2018 £000	2017 £000
<b>Non-current assets</b>			
Intangible fixed assets	10	-	-
Tangible fixed assets	11	32,547	30,443
Investments	12	282	267
<b>Total fixed assets</b>		<b>32,829</b>	<b>30,710</b>
<b>Current assets</b>			
Stocks	14	187	191
Trade and other receivables	15	2,888	1,523
Investments	13	14	12
Cash and cash equivalents		6,009	7,325
<b>Total current assets</b>		<b>9,098</b>	<b>9,051</b>
<b>Less: Creditors: amounts falling due within one year</b>	16	<b>(4,776)</b>	<b>(4,304)</b>
<b>Net current assets</b>		<b>4,322</b>	<b>4,747</b>
<b>Total assets less current liabilities</b>		<b>37,151</b>	<b>35,457</b>
<b>Less: Creditors: amounts falling due after more than one year</b>	17	<b>(12,650)</b>	<b>(11,315)</b>
<b>Less: Provisions</b>			
Defined benefit obligation	21	(7,918)	(12,639)
Other provisions	18	(917)	(946)
<b>Total net assets</b>		<b>15,666</b>	<b>10,557</b>
<b>Restricted reserves :</b>			
Income and expenditure reserve - Endowment reserve	20	19	20
<b>Unrestricted reserves :</b>			
Income and expenditure reserve - unrestricted		6,924	1,622
Revaluation reserve		8,723	8,915
<b>Total unrestricted reserves</b>		<b>15,647</b>	<b>10,537</b>
<b>Total reserves</b>		<b>15,666</b>	<b>10,557</b>

The financial statements on pages 28 to 57 were approved and authorised for issue by the Board on 6/12/18 and were signed on its behalf on that date by:

Chair:   
 Date: 6/12/18  
 Mrs Maria Stedman

Director:   
 Date: 6/12/18  
 Mr Andrew Cornish

Company registration no.: 8539630  
 Charity registration no.: 1152522

# COLEG SIR GÂR

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £000	2017 £000
Net cash inflow/(outflow) from operating activities	22	397	902
Cash flows from financing activities	23	(258)	(290)
Cash flows from investing activities	24	(1,454)	371
Cash flows from management of liquid resources		(1)	-
(Decrease)/Increase in cash and cash equivalents in the period	29	(1,316)	983
<hr/>			
Cash and cash equivalents at 1 August	25	7,325	6,342
Cash and cash equivalents at 31 July	25	6,009	7,325



# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR ENDED 31 JULY 2018

### Basis of preparation

Coleg Sir Gâr is a company limited by guarantee and incorporated and domiciled in the United Kingdom.

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 (2017-18). 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.

### 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 to FRS 102 as at 1 August 2014.. The accounting rules set out below have been applied consistently.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its 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.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2018 (continued)

### Recognition of income (continued)

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.

Non-recurrent grants from the Welsh Government or other government 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.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2018 (continued)

### 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.

### 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. An annual review of impairment indicators is carried out annually at the financial statement reporting date.

#### (b) 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. Grouped items, which are in aggregate above the threshold but individually under, will be reviewed specifically to determine the approach. 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

## **COLEG SIR GÂR**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2018 (continued)**

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.

#### **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 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.

# **COLEG SIR GÂR**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2018 (continued)**

### **Financial assets, liabilities and equity**

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

All loans, investments and short term deposits held by the College 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 CCTA Enterprises Ltd 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 College is entitled to the funds.

# COLEG SIR GĂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2018 (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 21, 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 2016 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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

	2018	2017
	£000	£000
Recurrent grant	15,683	15,308
Work based learning	3,460	2,587
Specific grants	617	1,232
Capital grants:		
Buildings	401	404
Equipment	5	329
	<b>20,506</b>	<b>19,860</b>

### 2 Tuition fees and education contracts

	2018	2017
	£000	£000
UK higher education students	4,808	4,679
UK further education students	165	156
Non-EU students	-	10
<b>Total tuition fees paid by or on behalf of individual students</b>	<b>4,973</b>	<b>4,845</b>
<b>Education contracts</b>		
Higher Education contracts	771	688
Other contracts	733	720
	<b>6,477</b>	<b>6,253</b>

### 3 Other income

	2018	2017
	£000	£000
Residencies and catering	726	762
Non-government capital grants	-	-
Farming activities	1,200	987
Other income-generating activities	1,485	1,329
Other grant income:		
European funds	1,789	512
Other funds	1,345	942
Other income	290	290
	<b>6,835</b>	<b>4,822</b>

### 4 Investment income

	2018	2017
	£000	£000
Interest receivable	29	26
	<b>29</b>	<b>26</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 Staff costs

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

	2018 Number	2017 Number
Teaching departments:		
Teaching staff	240	238
Other staff	24	19
	<b>264</b>	<b>257</b>
Teaching support services	19	17
Other support services	32	30
Administration and central services	93	92
Premises	21	22
Other income-generating activities	89	75
Catering and residences	-	-
Farm	9	11
	<b>527</b>	<b>504</b>

Staff costs for the above persons:

	2018 £000	2016 £000
Teaching departments		
Teaching staff	11,252	10,905
Other staff	557	523
	<b>11,809</b>	<b>11,428</b>
Teaching support services	538	543
Other support services	882	772
Administration and central services	3,433	3,310
Premises	510	501
Other income-generating activities	3,054	2,509
Catering and residences	-	5
Farm	193	184
Restructuring costs	96	(4)
Pension costs	167	161
FRS 102 (Section 28 –Pension Cost) adjustments	957	687
Holiday pay accrual	47	(71)
	<b>21,686</b>	<b>20,025</b>

	2018 £000	2017 £000
Wages and salaries	16,609	15,474
Social security costs	1,513	1,441
Other pension costs (including FRS 102 adjustments)	3,468	3,114
	<b>21,590</b>	<b>20,029</b>
Restructuring costs	96	(4)
	<b>21,686</b>	<b>20,025</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:

	2018 Number	2017 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	2	3
£80,001- £90,000	1	-
£130,001 - £140,000	1	1
	<b>5</b>	<b>4</b>

A pay award of 1% (2017: 1%) was approved by the Board and paid with effect from 1 August 2017 for all staff, with the exception of the Principal who did not receive a pay increase (2017:0 %).

For these purposes, emoluments include taxable benefits in kind but not employer pension costs.

### 6 Key management personnel emoluments

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 (2017: 4).

Key management personnel emoluments are made up as follows:

	2018 £	2017 £
Salaries	367,337	356,504
Benefits in kind	-	-
	<b>367,337</b>	<b>356,504</b>
Pension contributions	59,355	57,135
Total emoluments	<b>426,692</b>	<b>413,639</b>

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

	2018 £	2017 £
Salaries	136,500	136,500
	<b>136,500</b>	<b>136,500</b>
Pension contributions	22,495	22,495
Total emoluments	<b>158,995</b>	<b>158,995</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 £1,479 (2017: £506) incurred in the course of their duties.

The Principal did not receive a pay increase (2017: 0%), but other higher paid staff (including key management personnel), received a pay increase of 1 % during the year (2017: 1%). No bonuses or other salary enhancements were awarded to key management personnel or other higher paid staff (2017: nil).

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 Other operating expenses

	2018 £000	2017 £000
Teaching departments	906	837
Teaching support services – libraries & resource centres	53	58
- examination fees	539	550
- student transport	783	723
Other support services	48	46
Administration and central services	3,382	2,384
General education expenditure	381	338
Premises:		
Running costs	800	769
Routine maintenance	538	411
Rents and leases	148	121
Planned maintenance	-	-
Other income generating activities	22	44
Catering and residence operations	702	692
Farming activities	903	808
Franchised provision	1,063	1,032
Irrecoverable value added tax	838	623
	<u>11,106</u>	<u>9,436</u>

Other operating expenses include:

	£000	£000
Auditor's remuneration:		
Financial statements audit	21	24
Other services provided by the financial statements auditor (regulatory return services)	5	7
Internal audit	19	19
Registration fees	150	168
Hire of other assets – operating leases	154	142

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8 Costs in respect of overseas activities

The following costs were incurred during 2017-2018 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	821	141	-	2
	<b>821</b>	<b>141</b>	-	<b>2</b>

### 9 Interest and other finance costs

	2018 £000	2017 £000
On finance leases	40	50
Pension finance costs (see note 23)	314	338
	<b>354</b>	<b>388</b>

### 10 Intangible fixed assets

	Milk quota £000
<b>Cost</b>	
At 1 August 2017 and 31 July 2018	302
<b>Accumulated Amortisation</b>	
At 1 August 2017	302
Charge for the year	-
At 31 July 2018	302
<b>Net book value</b>	
At 31 July 2018	-
At 31 July 2017	-

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 Tangible fixed assets

	Freehold land and buildings £000	Equipment £000	Fixtures and Fittings £000	Livestock £000	Total £000
<b>Cost or valuation</b>					
At 1 August 2017	39,444	5,368	2,332	429	47,573
Additions	3,060	664	38	-	3,762
Revaluation	-	-	-	(50)	(50)
Disposals	-	(79)	-	-	(79)
<b>At 31 July 2018</b>	<b>42,504</b>	<b>5,953</b>	<b>2,370</b>	<b>379</b>	<b>51,206</b>
<b>Accumulated Depreciation</b>					
At 1 August 2017	11,561	3,973	1,596	-	17,130
Charge for the year	850	424	314	-	1,588
Eliminated on disposal	-	(59)	-	-	(59)
<b>At 31 July 2018</b>	<b>12,411</b>	<b>4,338</b>	<b>1,910</b>	<b>-</b>	<b>18,659</b>
<b>Net book value</b>					
<b>At 31 July 2018</b>	<b>30,093</b>	<b>1,615</b>	<b>460</b>	<b>379</b>	<b>32,547</b>
At 31 July 2017	27,883	1,395	736	429	30,443

#### Analysis of net book value at 31 July 2018

Inherited	8,723	-	-	-	8,723
Financed by capital grant	12,138	1,062	-	-	13,200
Other	9,232	553	460	379	10,624
	<b>30,093</b>	<b>1,615</b>	<b>460</b>	<b>379</b>	<b>32,547</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 2018 is as follows:

#### Cost or valuation at 31 July 2018 represented by:

Valuation in 1998 (see above)	19,716	-	-	379	20,095
Cost	22,788	5,953	2,370	-	31,111
	<b>42,504</b>	<b>5,953</b>	<b>2,370</b>	<b>379</b>	<b>51,206</b>

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

**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 2017	38,939	-	505	39,444
Transferred in the year	505	-	(505)	-
Additions	3,060	-	-	3,060
Disposals	-	-	-	-
<b>At 31 July 2018</b>	<b>42,504</b>	<b>-</b>	<b>-</b>	<b>42,504</b>
<b>Accumulated Depreciation</b>				
At 1 August 2017	11,561	-	-	11,561
Charge for the year	850	-	-	850
Disposals	-	-	-	-
<b>At 31 July 2018</b>	<b>12,411</b>	<b>-</b>	<b>-</b>	<b>12,411</b>
<b>Net book value</b>				
<b>At 31 July 2018</b>	<b>30,093</b>	<b>-</b>	<b>-</b>	<b>30,093</b>
At 31 July 2017	27,378	-	505	27,883
<b>Analysis of net book value at 31 July 2018</b>				
Inherited	8,723	-	-	8,723
Financed by capital grant	12,138	-	-	12,138
Other	9,232	-	-	9,232
	<b>30,093</b>	<b>-</b>	<b>-</b>	<b>30,093</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 Non-current investments

	2018 College £000	2017 College £000
Investment in subsidiary company	-	-
Other non-current asset investments	281	261
	<b>281</b>	<b>261</b>

The College's investments are in the following subsidiaries:

Name of company	Holding	Country of Incorporation	Activity
Coleg Ceredigion	Limited by GuaranteeX	Wales	Further Education College
CCTA Enterprises Limited	100%	Wales	Dormant
Rareblend Limited	100%	Wales	Dormant

### Other non-current asset investments

	Listed investments £000	Other investments £000	Total £000
<b>Cost or valuation</b>			
At 1 August 2017	64	203	267
Additions	-	-	-
Revaluation	15	-	15
<b>At 31 July 2018</b>	<b>79</b>	<b>203</b>	<b>282</b>
<b>Cost or valuation at 31 July 2018 represented by:</b>			
Valuation	79	-	79
Cost	-	203	203
	<b>79</b>	<b>203</b>	<b>282</b>

### 13 Current investments

	2018 £000	2017 £000
<b>Endowment assets</b>		
Balance at 1 August	14	12
Increase in value of investments	-	-
Income for the year	-	-
Expenditure for the year	-	-
<b>Balance at 31 July</b>	<b>14</b>	<b>12</b>
Represented by:		
COIF Charities Investment Fund Holdings	14	12
	<b>14</b>	<b>12</b>

### 14 Stock

	2018 £000	2017 £000
Livestock for resale	178	191
Other stock	9	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15 Trade and other receivables**

	2018 £000	2017 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	312	130
Amounts owed by group undertakings : subsidiaries	155	-
other	102	104
<b>Prepayments and accrued income</b>	<b>2,319</b>	<b>1,289</b>
	<b>2,888</b>	<b>1,523</b>

**16 Creditors: amounts falling due within one year**

	2018 £000	2017 £000
Obligations under finance leases	176	246
Payments received in advance	825	866
Trade payables	925	297
Amount owed by group undertakings : subsidiary	-	-
Amount owed by group undertakings Other	103	220
Taxation and social security	407	379
Accruals and deferred income	1,594	1,564
Deferred income – government capital grants	746	732
	<b>4,776</b>	<b>4,304</b>

**17 Creditors: amounts falling due after more than one year**

	2018 £000	2017 £000
Bank loans and overdrafts	-	-
Obligations under finance leases	196	372
Deferred income - government capital grants	12,454	10,943
<b>Total</b>	<b>12,650</b>	<b>11,315</b>

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

**17 Creditors: amounts falling due after more than one year (continued)**

**Finance leases**

	2018 £000	2017 £000
The net finance lease obligations to which the institution is committed are :		
In one year or less	176	246
Between two and five years	196	372
In five years or more	-	-
	<b>372</b>	<b>618</b>

**18 Other provisions**

	Enhanced Pension Provision £000	VAT £000	ESF £000	Total £000
At 1 August 2017	727	-	219	946
Utilised in the period	(58)	-	-	(58)
Released in the period	-	-	-	-
Transferred from income and expenditure account	29	-	-	29
<b>At 31 July 2018</b>	<b>698</b>	<b>-</b>	<b>219</b>	<b>917</b>

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:

	2018	2017
Interest rate	2.3 %	2.3 %
Net interest rate	1.3 %	1.3 %



# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19 Deferred income – capital grants

	2018 £000	2017 £000
Amounts falling due within one year	746	732
Amounts falling due after more than one year	12,454	10,943
	<u>13,200</u>	<u>11,675</u>

The movement in capital grants is as follows:

	WG £000	Other grants £000	Total £000
<b>At 1 August 2017</b>			
Land and buildings	8,158	2,727	10,885
Equipment	691	99	790
<b>Cash received</b>			
Land and buildings	1,500	153	1,653
Equipment	68	550	618
<b>Released to income and expenditure account</b>			
Land and buildings	(304)	(96)	(400)
Equipment	(287)	(59)	(346)
<b>At 31 July 2018</b>			
Land and buildings	9,354	2,784	12,138
Equipment	472	590	1,062
	<u>9,826</u>	<u>3,374</u>	<u>13,200</u>

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

**20 Endowment reserves**  
**Year ended 31<sup>st</sup> July 2018**

	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	Total £000
Balance at 1 August 2017					
Capital	-	20	-	20	20
Accumulated interest	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>20</b>
Increase in market value of investments	-	1	-	1	1
Expenditure for the year	-	(2)	-	(2)	(2)
<b>Balance at 31 July 2018</b>					
Capital	-	19	-	19	19
Accumulated interest	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>
Representing:					
Fellowship and scholarship funds	-	14	-	14	14
Prize funds	-	5	-	5	5
<b>Total</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>

**Year ended 31<sup>st</sup> July 2017**

	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	Total £000
Balance at - 1 August 2016					
Capital	-	20	-	20	20
Accumulated interest	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>20</b>
Increase in market value of investments	-	2	-	2	2
Expenditure for the year	-	(2)	-	(2)	(2)
<b>Balance at - 31 July 2017</b>					
Capital	-	20	-	20	20
Accumulated interest	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>20</b>
Representing:					
Fellowship and scholarship funds	-	16	-	16	16
Prize funds	-	4	-	4	4
<b>Total</b>	<b>-</b>	<b>20</b>	<b>-</b>	<b>20</b>	<b>20</b>

**COLEG SIR GÂR**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**21 Pension and similar obligations**

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:

	2018	2017
	£000	£000
TPS: Contributions paid	1,504	1,443
LGPS: Charge to the Statement of Comprehensive Income:		
Contributions paid	1,074	963
FRS 102 charge	957	687
Staff restructuring (see below)	29	21
<b>Total pension cost</b>	<b>3,564</b>	<b>3,114</b>

	2018	2017
	£000	£000
<b>Staff restructuring</b>		
Benefits recharged during the year by the LGPS	58	59
Other staff restructuring costs	(29)	(38)
	29	21

	2018	2017
	£000	£000
<b>Total Contributions to LGPS</b>		
Benefits recharged during the year by the LGPS	58	59
Employer normal contributions	1,074	963
	<b>1,132</b>	<b>1,022</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 2016 at which date the market value of assets of the scheme was £1,900 million. The actuarial value of the assets represented 97% of the fund's accrued liabilities after allowing for future increases in earnings. This equates to a shortfall of £64m.

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 15.2% of pensionable pay plus £3.6 m per annum in secondary contributions (£ terms).

The agreed contribution rate for the College year commencing 1 April 2018 is 16.1% (2017: 14.3%), plus a fixed monthly payment of £9,433 ( £113,200 per annum).

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 Pension and similar obligations (continued)

An actuarial valuation of the scheme was also carried out at 31 July 2018, 31 July 2017 and at 31 July 2016 by a qualified independent actuary using the projected unit method. The major assumptions used by the actuary were:

	2018	2017	2016
Rate of inflation - CPI	2.10%	2.20%	1.70%
Rate of increase in salaries	3.60%	3.70%	3.20%
Rate of increase in pensions	2.20%	2.20%	1.80%
Discount rate	2.90%	2.60%	2.60%
Mortality			
	Years	Years	Years
Retiring Today - Males	22.9	22.8	23.4
Retiring Today - Females	25.6	25.5	25.9
Retiring in 20 years' time - Males	25.1	25.0	25.7
Retiring in 20 years' time - Females	27.9	27.8	28.2

Asset allocation:

	2018	2017	2016
	Split	Split	Split
	%	%	%
Equities	70.6	70.9	68.9
Government bonds	8.7	9.2	10.5
Other bonds	9.4	9.5	9.5
Property	10.9	9.7	10.8
Cash	0.4	0.7	0.3
	100.0	100.0	100.0

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

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

**21 Pension and similar obligations (continued)**

The following amounts at 31 July 2018, 31 July 2017 and at 31 July 2016 were measured in accordance with the requirements of FRS 102:

	2017	2017	2016
	£000	£000	£000
Fair value of plan assets	41,982	37,808	32,356
Liabilities	(49,900)	(50,447)	(45,891)
Deficit in the scheme/net pension liability	(7,918)	(12,639)	(13,535)

The following components of the pension charge have been recognised in the Statement of Comprehensive Income for the years ended 31 July 2018 and 31 July 2017:

	2018	2017
	£000	£000
<b>Amounts recognised in the statement of Comprehensive Income :</b>		
<b>Amounts included in staff costs</b>		
Current service cost	(2,046)	(1,674)
Administration cost	(38)	(34)
Curtailment cost	(6)	-
Operating cost	(2,090)	(1,708)
<b>Analysis of amounts charged to financing of provisions</b>		
Expected return on assets	991	848
Interest on pension liabilities	(1,305)	(1,186)
Net finance (cost)/income	(314)	(338)
<b>Amounts recognised in other Comprehensive Income</b>		
Difference between actual and expected return on scheme assets	2,577	4,092
Effects of changes in assumptions underlying the present value of scheme liabilities	3,415	(2,172)
Actuarial (loss)/gain	5,992	1,920
<b>Movement in the College's share of the scheme's deficit during the year</b>		
Deficit in scheme as at 1 August	(12,639)	(13,535)
Operating cost	(2,090)	(1,708)
Net finance (cost)/income	(314)	(338)
Actuarial (loss)/gain	5,992	1,920
Contributions	1,133	1,022
(Deficit) in scheme as at 31 July	(7,918)	(12,639)

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

**21 Pension and similar obligations (continued)**

**Asset and Liability Reconciliations:**

<b>Reconciliation of Liabilities</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Liabilities at start of year</b>	<b>50,447</b>	<b>45,891</b>
Current service cost	2,046	1,674
Interest cost	1,305	1,186
Contribution by scheme participants	384	352
Actuarial loss/(gain)	(3,415)	2,172
Benefits paid	(873)	(828)
Curtailments and settlements	6	-
<b>Liabilities at end of year</b>	<b>49,900</b>	<b>50,447</b>
<b>Reconciliation of Assets</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Assets at start of year</b>	<b>37,808</b>	<b>32,356</b>
Expected return on assets	991	848
Actuarial gain/(loss)	2,577	4,092
Administration expenses	(38)	(34)
Contributions by the employer	1,132	1,022
Contributions by the scheme participant	384	352
Benefits paid	(873)	(828)
<b>Assets at end of year</b>	<b>41,981</b>	<b>37,808</b>

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**

	<b>2018</b>	<b>2017</b>
Defined benefit obligation (£000)	(49,900)	(50,447)
Plan assets (£000)	41,981	37,808
<b>Deficit (£000)</b>	<b>(7,919)</b>	<b>(12,639)</b>
Difference between actual and expected return on scheme assets:		
Amount (£000)	2,577	4,092
Percentage of scheme assets	6.1%	10.8%
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)	(3,415)	(2,172)
Percentage of scheme liabilities	(6.8%)	(4.3%)
Total of amounts recognised in the statement of Comprehensive income:		
Amount (£000)	5,992	1,920
Percentage of scheme liabilities	12.0%	3.8%

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 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)

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

	2018	2017
	£000	£000
(Deficit) for the year	(882)	(480)
<b>Adjustments for investing or financing activities:</b>		
Interest paid	40	50
Interest (received)	(29)	(26)
<b>Adjustments for non-cash items:</b>		
Depreciation (note 11)	1,588	1,599
Increase in provision for bad and doubtful debts	(10)	(7)
Surplus on disposals of fixed assets	11	(10)
Revaluation of investments	(15)	2
Deferred capital grants released to income:		
WG (note 1)	(746)	(733)
Specific grants released to income	(69)	(117)
Pension cost less contributions payable	1,271	1,025
(Increase)/Decrease in stocks	54	19
Decrease in debtors	(170)	574
(Increase)/decrease in prepayments and accrued income	(1,185)	(158)
Increase/(decrease) in creditors	511	(63)
(Decrease)/increase in other taxation and social security	28	24
Increase/(decrease) in accruals	29	(510)
Increase/(decrease) in provisions	(29)	(287)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>397</b>	<b>902</b>

### 23 Cash flows from financing activities

	2018	2017
	£000	£000
Interest received	29	26
Interest element of finance lease rental payments	(40)	(50)
Capital element of finance lease payments	(247)	(266)
	<b>(258)</b>	<b>(290)</b>

### 24 Cash flows from investing activities

	2018	2017
	£000	£000
Payments to acquire tangible fixed assets	(3,812)	(1,483)
Proceeds from disposal of tangible fixed assets	59	10
Payments to acquire new investment	-	(8)
Deferred capital grants received	2,271	1,047
Unspent specific grants received	28	805
	<b>(1,454)</b>	<b>371</b>



# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25 Cash and cash equivalents

	2018	2017
	£000	£000
Cash in hand and at bank	4,797	6,118
Cash Equivalents	1,212	1,207
<b>Net cash</b>	<b>6,009</b>	<b>7,325</b>

### 26 Capital commitments

	2018	2017
	£000	£000
Commitments contracted for at 31 July	429	3,794

### 27 Financial commitments

At 31 July 2018 the College was committed to making the following minimum lease payments under non-cancellable operating leases:

	2018	2018	2017	2017
	Land and	Other	Land and	Other
	buildings		buildings	
	£000	£000	£000	£000
Not later than one year	35	44	35	55
Later than one year and not later than five years	21	82	21	81
Later than five years	-	-	-	-
	<b>56</b>	<b>126</b>	<b>56</b>	<b>136</b>

### 28 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 2018:

#### CCTA Enterprises Ltd

- £ 250 receivable (2017: £17,307), £0 payable (2017 : £0)
- Total income for the year £0 (2016 : £1,013), total purchases £0 (2017 : £ 0)

#### Coleg Ceredigion - Group Member

- £155,000 receivable (2017: £0 ), £0 payable (2017 £0)
- Total income for the year £155,000 (2017: £4,922), total purchases £1,500 (2017: £0)

#### UWTSD – Parent

- £102,531 receivable (2017: £104,303) , £103,618 payable (2017: £220,358)
- Total income for the year £5,326,793 (2017: £994,060), total purchases £988,099 (2017: £825,018)

#### Fforwm Services Limited – Barry Liles is a director

- £0 payable (2017: £0)
- Total purchases for the year £47,671 (2017: £39,967)

Note : Transactions amongst the group companies are for services rendered amongst. Fforwm, is the subscription cost for the Colleges Wales services provided to all Welsh FE colleges.

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 29 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	2018			2017		
	WG £000	HEFCW £000	Total £000	WG £000	HEFCW £000	Total £000
Balance unspent at 1 August	23	-	23	12	-	12
Grants received	323	-	323	323	-	323
Available for distribution	346	-	346	335	-	335
Disbursed to students	(295)	-	(295)	(302)	-	(302)
Administration costs	(9)	-	(9)	(10)	-	(10)
Balance unspent at 31 July	42	-	42	23	-	23

### 30 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  
SA31 3EP