



colegsirgâr

COLEG SIR GÂR
(a company limited by guarantee)

ANNUAL REPORT

FOR THE YEAR ENDED 31ST JULY 2015

Company registration no : 8539630

Charity registration no : 1152522

THURSDAY



A53FZ6CY

A17

24/03/2016

#207

COMPANIES HOUSE

COLEG SIR GÂR

INDEX

Public Benefit Statement	2 – 3
Strategic Report	4 - 17
Directors' Report	18 – 20
Corporate Governance Statement	21 - 24
Independent Auditors' report to the Members of the Corporation	25 – 26
Consolidated Income and Expenditure Account	27
Consolidated Statement of Historical Cost Surpluses and Deficits	28
Consolidated Statement of Total Recognised Gains and Losses	28
Consolidated and Parent Institution Balance Sheets	29
Consolidated Cash Flow Statement	30
Consolidated Reconciliation of Net Cash Flow to Movement in Net Funds	30
Statement of Principal Accounting Policies	31 - 35
Notes to the Financial Statements	36 – 55

COLEG SIR GÂR

PUBLIC BENEFIT STATEMENT

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 therefor).

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); Carmarthen (Pibwrlwyd campus); Carmarthen (School of Art, formerly Jobs Well Campus). 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 19 + 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 on-line.

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: 8/12/15

Mr Roger Evans
Director

COLEG SIR GÂR

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015

The directors present their strategic report for the year ended 31 July 2015.

Mission

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

'To be excellent – the College of choice'

Background

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

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

Principal activities

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

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

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

COLEG SIR GÂR

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Principal activities (continued)

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

The College has an annual turnover of around £31m and employs circa 850 staff. Of these, approximately 450 are directly involved in teaching and 400 in support and administrative functions

The County

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

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

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

Strategic Vision

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

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

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

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

COLEG SIR GÂR

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2015 (continued)

Strategic Aims

Our Culture

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

Our Service

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

Our Delivery

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

Our Resource

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

COLEG SIR GÂR

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2015 (continued)

Financial Performance and Objectives

The College's financial objectives are:

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

2014/15 has been a difficult year for the College, and due to significant core funding cuts confirmed for 2015/ 16 and increases in contribution rates for the two pension schemes, a programme of redundancies was undertaken in conjunction with a rigorous review of all non-payroll related costs to ensure that an operating surplus can be achieved in 2015/16, and that cash balances can be regenerated.

The income and expenditure account for the year is set out on page 27. The highlights for the year in relation to these are detailed below.

- Total income for the year has decreased to circa £31 million (2014: £33 million), which is mainly due to reductions in funding body grants. Maintaining a significant level of turnover reflects the continued success of the College at further Education and higher Education. Fluctuations in turnover are inevitable, and can be greatly influenced by the level of project work undertaken in any given year.
- Staff costs as a percentage of total income increased from 61.3% to 68.5% (including redundancy costs of £1.17 m). The average number of staff employed decreased by 0.2%. Other operating expenses decreased as a percentage of total income from 35.2% to 32.9%
- The loss for the year was £1,552,000 (2014: £216,000 surplus). The loss for the year before profit on disposal of fixed assets was £1,557,000 compared with a surplus of £202,000 in 2014.
- The liquidity position remains satisfactory, with the ratio of short-term assets to creditors falling due within one year standing at 2.85 (2014: 2.68)
- Net assets have decreased from £28.7 million to £25.0 million. Net assets, excluding FRS17 have decreased from £35.3 million to £33.5 million – mainly due to a reduction in cash balances as a result of capital purchases and redundancy payments.
- 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 year and the balance required at 31 July 2015 has been estimated at £767,000 (2014: £815,000).

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 to this, the College continues to actively seek and develop other sources of income. Significant re-investment into the College Estate and plant and equipment ensures that the 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 and 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.

COLEG SIR GÂR

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2015 (continued)

Curriculum Development and Enrichment (continued)

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

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

A range of options are available at all levels which offer diversity and choice to learners. The County's Youth Access programme also provides a full time alternative curriculum for learners at the College who have had difficulty in or 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 which supports 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.

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

Through partnership working within the education authority and local partner schools (over 20 Schools), the breadth and volume of vocational opportunities for 14-19 is excellent. This has been recognised with an AoC Beacon Award and in Estyn inspections of the Local Education Authority and College. Innovative joint arrangements have developed across the county, with arrangements in place in three geographical areas and for Welsh medium provision, of which the College plays a full and active role.

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

- The College has made a significant contribution to the South West Wales Regional Learning Partnership and leads on behalf of the region with HEFCW.
- Very good partnerships have developed with Pembrokeshire College and a number of other private training providers (South West Wales Skills Academy) in the delivery of Work Based Learning.
- 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).

COLEG SIR GÂR

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2015 (continued)

Partnership and Transformation (continued)

- Excellent partnership working has been achieved with the Scarlets and the National Botanical Gardens Wales, both of which act as centres for delivery.
- The College is well represented by members of the executive and College management team on a range of national networks; Adult and Community Learning; 14-19 Network; Colegau Cymru and Welsh Government.
- Excellent sporting academies in rugby, football and netball provide sporting opportunities for learners at elite levels. These opportunities are as a result of working partnerships with the Welsh Rugby Union; Scarlets; Llanelli RFC, Swansea City, Wales Football Trust and the Welsh Netball Association. The College has 'Focus College' status for Football.

Quality and Standards

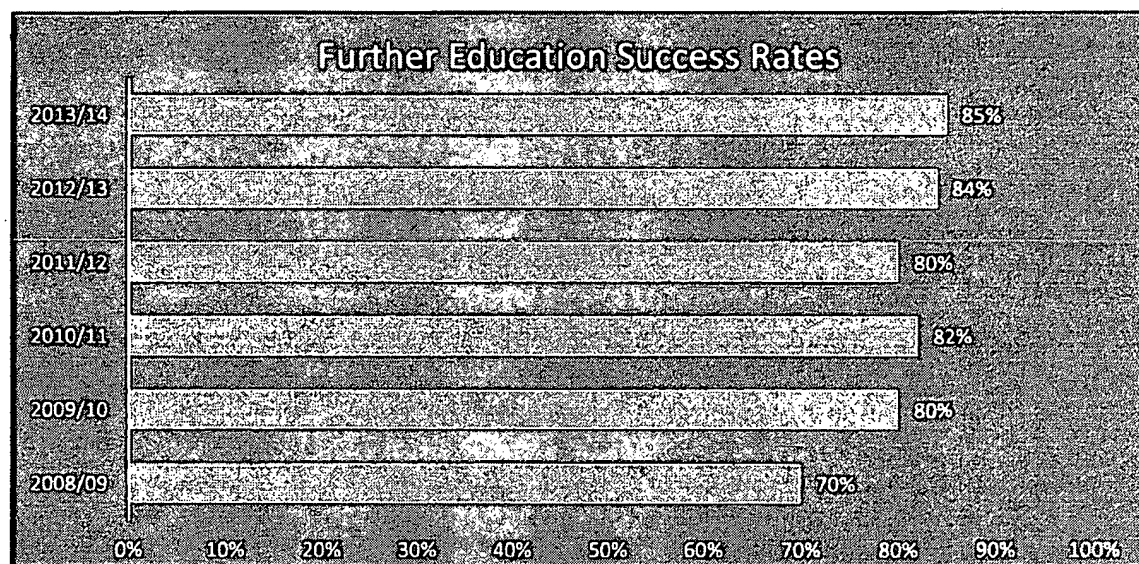
The College underwent its last Estyn Inspection in 2013 and achieved the following successful outcomes:

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

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

Further Education performance measures

Whole college performance in 2013/14 was good overall with an increase in successful completion of 1% to 85% (NC at 86%) from 84% in 2012/13. This demonstrates a positive long term upward trend from 70% in 2008/09 (national comparator at 76%).



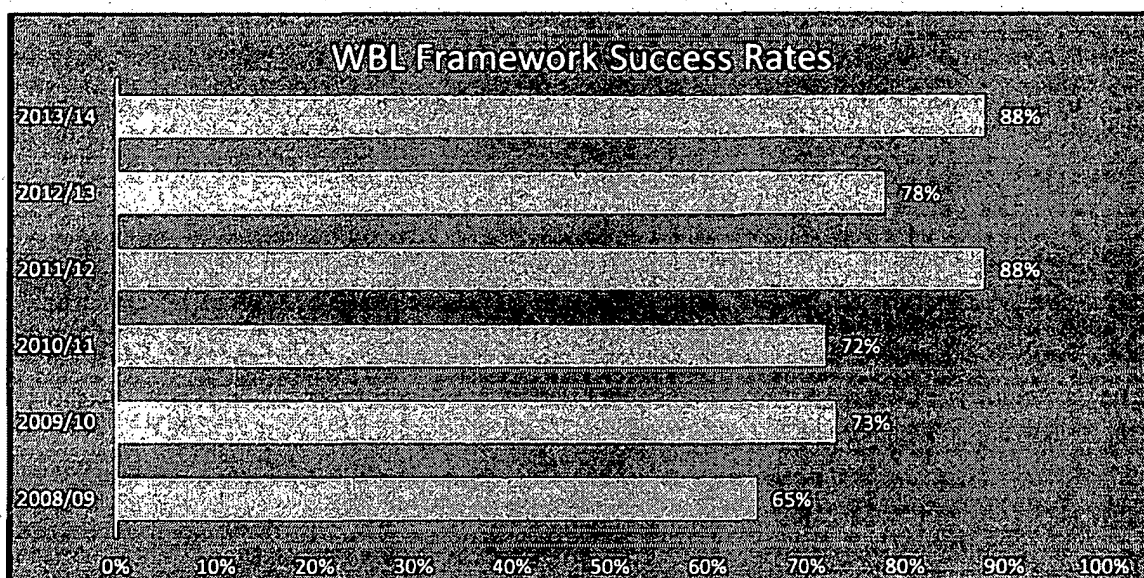
In comparing the success rates for the 20 Sector Subject Areas (SSAs) against national comparators for 2013/14, ten are above the national comparators, one at the national comparator and twelve SSAs are below their national benchmark. Improving these inconsistencies in success rates has become a strategic target for College improvement.

COLEG SIR GÂR

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

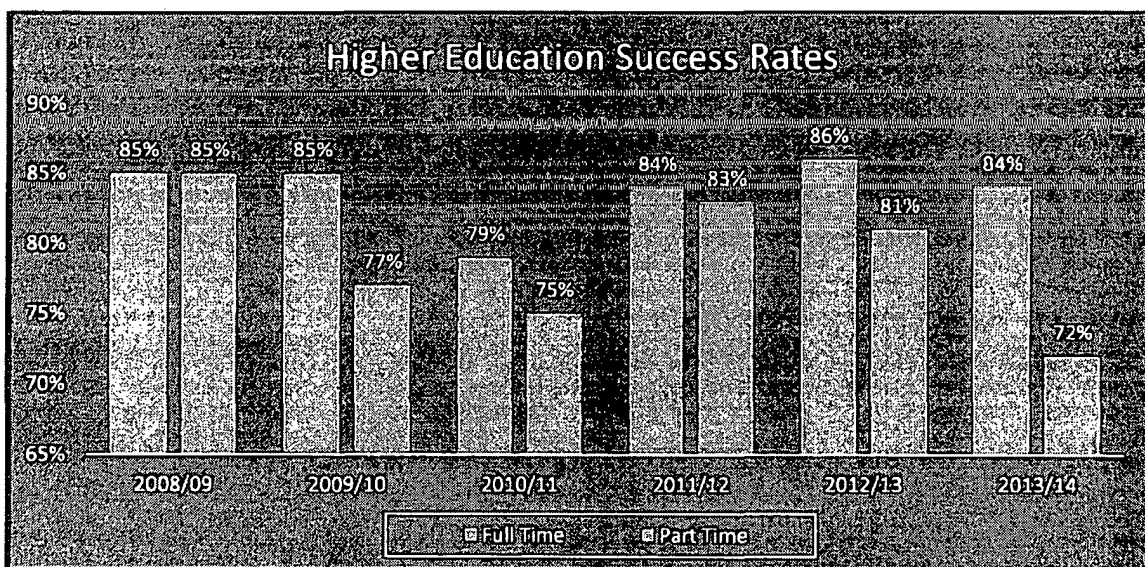
Work Based Learning

Work based learning success rates showed an overall 10% increase in 2013/14 at 88% and was above the national comparator of 86%. Improving standards in work based learning continues to be a strategic target.



Higher Education

Higher Education success rates continue to be high for full time at 84%. The College will continue to monitor its trends in performance and strive towards continuing to improve its standards at HE level.

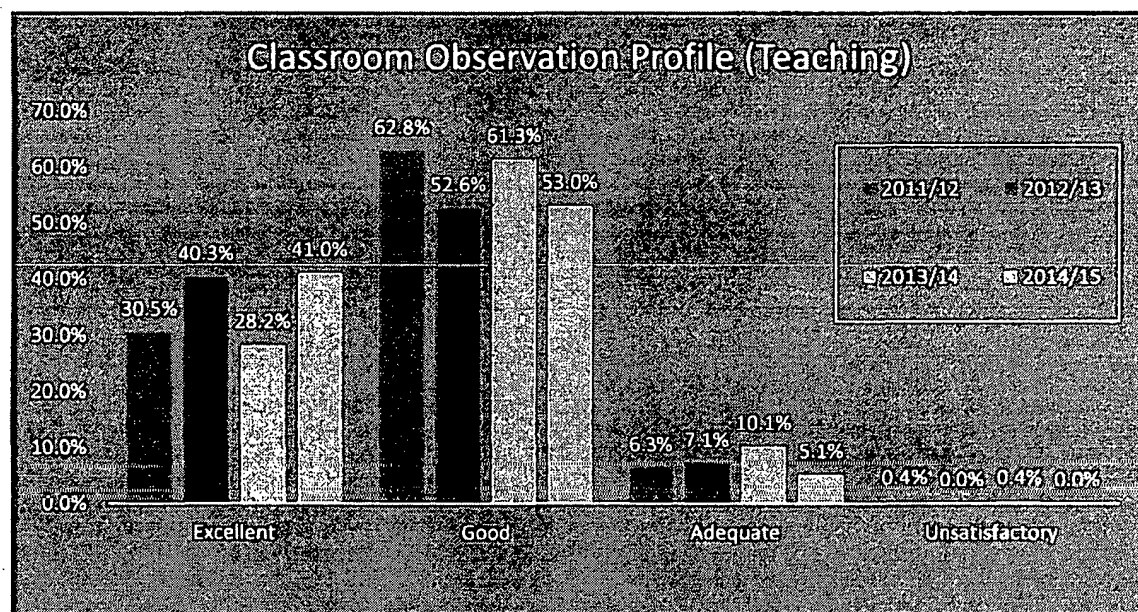
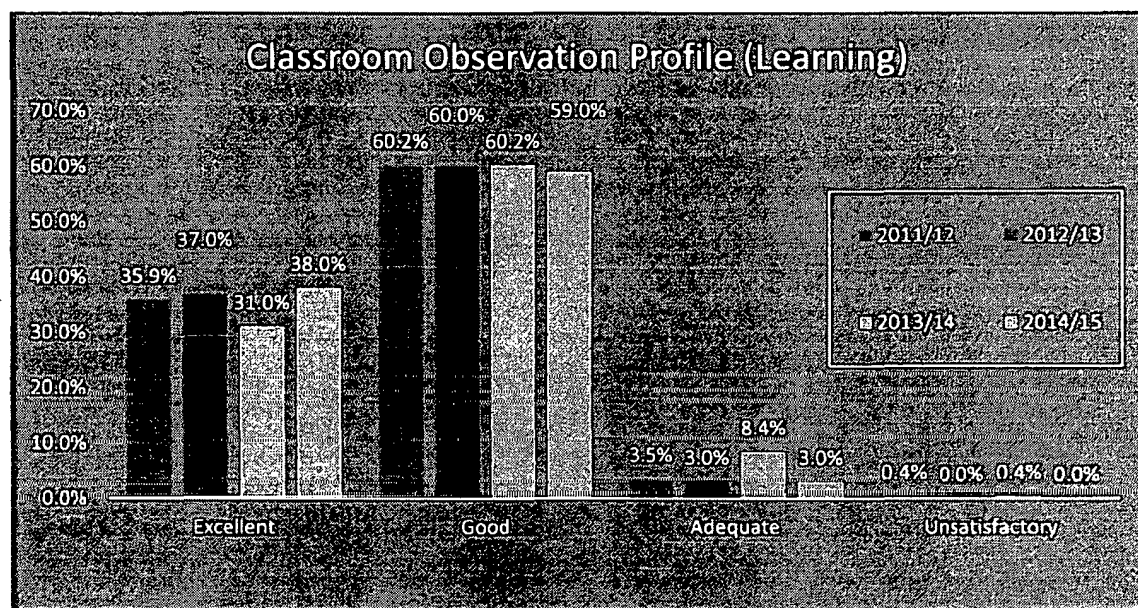


COLEG SIR GÂR

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Quality of Teaching and Learning

The quality of teaching and learning continues to improve. In 2014/15 97% of observations were judged as being excellent/good (for learning) and 94% excellent/good (for teaching). The College was awarded the ColegauCymru/CollegesWales Award for Teaching and Learning in 2014.

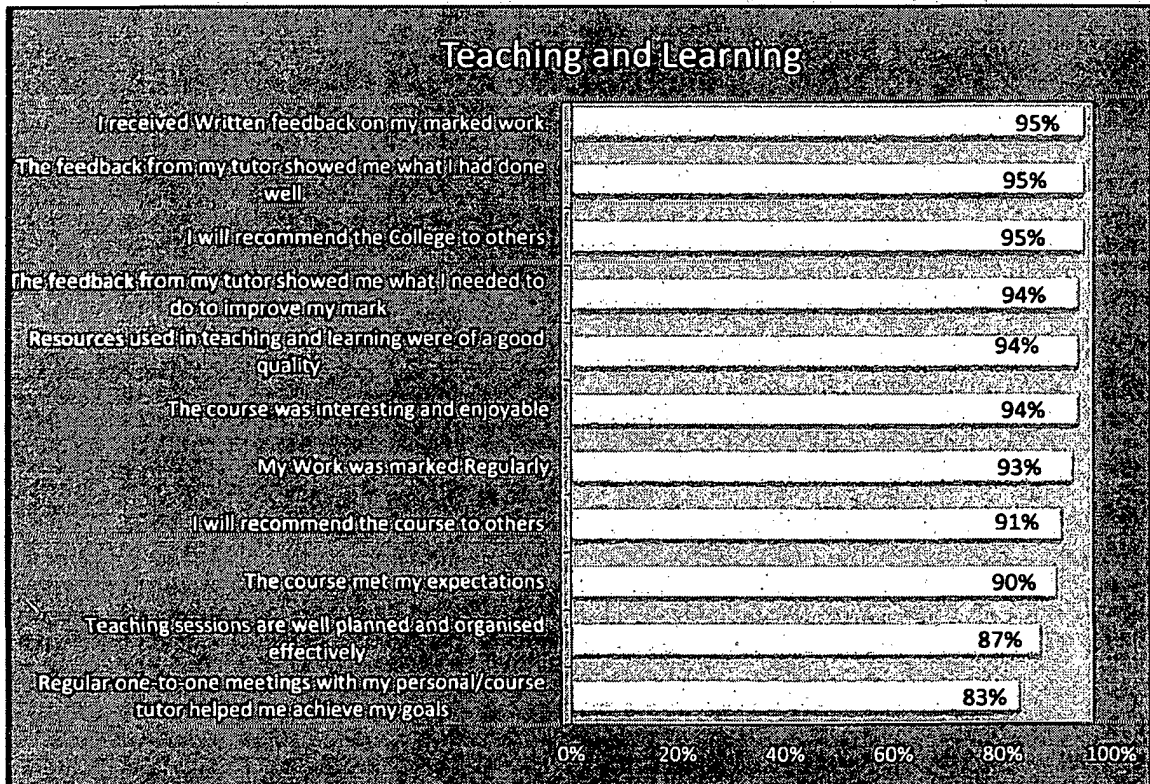


COLEG SIR GÂR

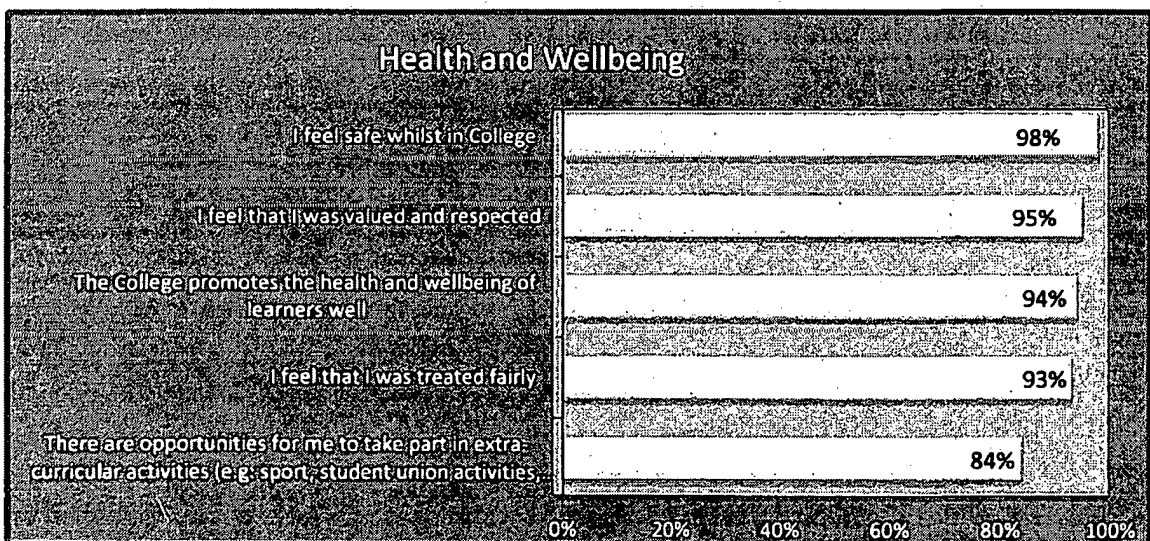
STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Learner Voice (FE)

Learner perception of teaching and learning remains positive, for example with 95% of learners that responded to the 2015 exit survey reporting that they would recommend the College to others.



Coleg Sir Gâr is committed to providing a healthy College environment to improve the health and wellbeing of all students and staff. Learners feel valued, safe and are treated fairly. Learners have, through the learner voice panels and the internal inspection identified no issues or concerns regarding health and safety in College.

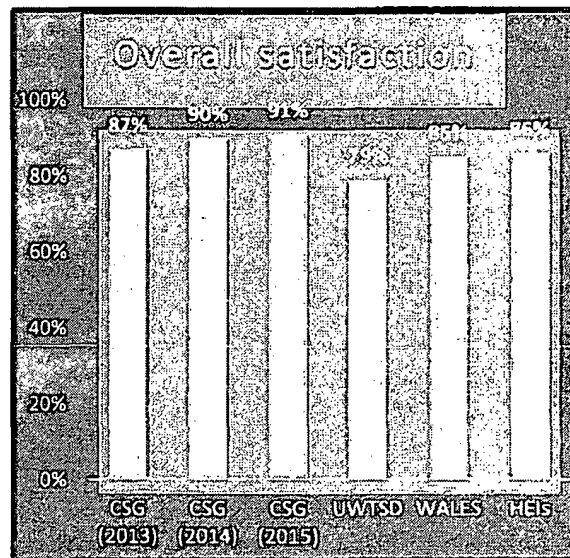
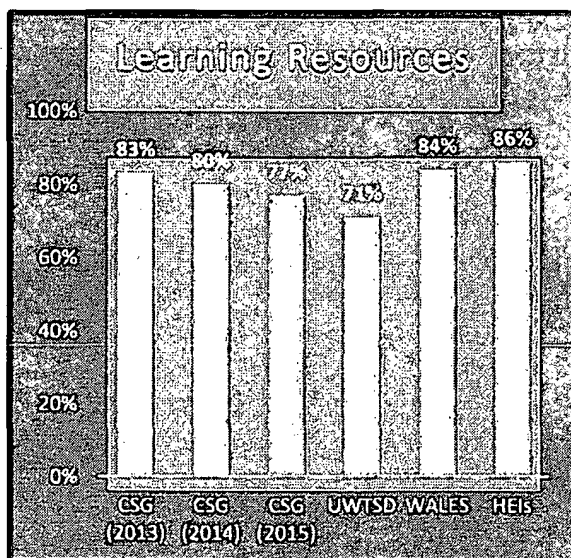
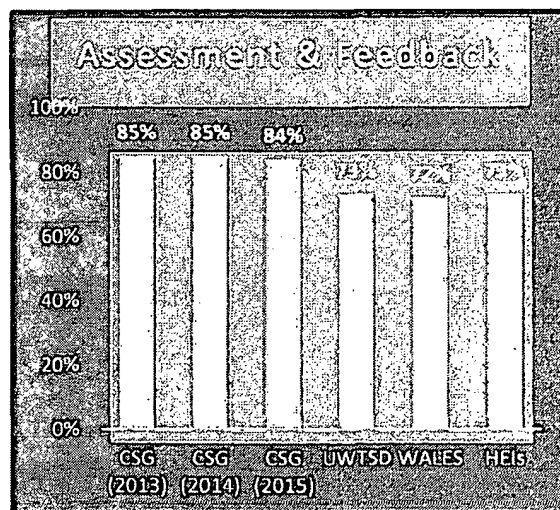
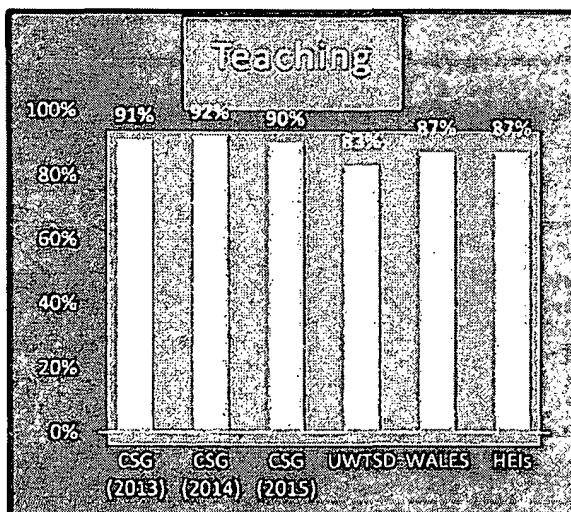


COLEG SIR GÂR

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Learner Voice (HE)

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



COLEG SIR GÂR STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Accommodation

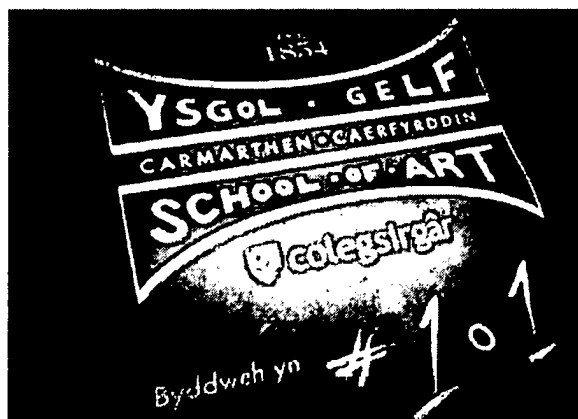
In 2014 the College completed a new 21st Century Learning 'Hwb' at its Graig campus. This £1.5M development has brought state of the art learning and leisure facilities to the heart of the campus. The Hwb was designed by James and Nicholas and the construction work was undertaken by Gravan Construction Ltd.

The building was financed by the College, with no external funding input. The building comprises a learning hub, social space, café, teaching rooms, staff accommodation, IT suites, seminar rooms and learning pods. The building has wi-fi facilities throughout, that allows learners to use Google Chrome books and mobile devices to support their learning.



Carmarthen School of Art

In 2014-15, the College rebranded its Jobs Well Campus as Carmarthen School of Art, taking the historic name of the Art School established in the town in 1854. This has been used extensively to market the provision since December 2014 focussing on the niche market that this campus serves.



COLEG SIR GÂR

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2015 (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:

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

Principal risks and uncertainties

The Company 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 Company, which are then recorded on the Company'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 Company if they materialise. The committee must then identify systems, procedures and controls which can be put in place to mitigate the risks so as to reduce the risks to a manageable or acceptable level.

Risk management is a topic covered at each meeting of the audit & risk management committee which reports its findings periodically to the Board.

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

COLEG SIR GÂR

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Principal risks and uncertainties (continued)

Outlined below are some of the principal risks facing the College for the foreseeable future:

1. Reduction in government “core” funding

The College does rely on government funding and the current climate is such that there are continuous pressures on this income stream. DfES, the funding body, has indicated that there could be significant cuts to the core funding in future.

This risk is mitigated in a number of ways:

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

2. Failure to recruit and retain students

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

The risk is mitigated as follows:

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

COLEG SIR GÂR

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Key Performance Indicators

The College was made aware in 2014/15 that core funding would be cut considerably in 2015/16. This, coupled with scheduled increases to the Teachers' Pension and Local Government Pension Scheme rates, necessitated the need to realign the cost base to ensure that a healthy position could be achieved in 2015/16 and indeed future years. Therefore a programme of redundancies was actioned (amongst other cost saving initiatives) in 2014/15 resulting in exceptional costs of over £1.17 m.

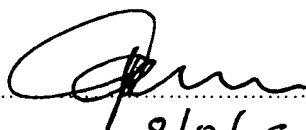
The College therefore has not achieved the target of breakeven before FRS 17 costs, with an actual loss of £1,451,000 - £1,552,000 after FRS 17 adjustments.

Student numbers remained buoyant and the College achieved the target of securing all the core FE funding available for the year.

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

This report was approved by the board on 8/12/15 and was signed on on behalf of the board by:

Signature



Date:

8/12/15

Mr Roger Evans
Director

COLEG SIR GÂR

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2015

The directors present their report and the audited consolidated financial statements of the Company for the year ended 31st July 2015.

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 2015.

Professional advisers

External auditors:	PricewaterhouseCoopers LLP, Swansea
Internal auditors:	Baker Tilly Business Services Ltd, Cardiff
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:

Mr Roger Evans *# (Chair)
Mr Phillip Owen *#
Mr Jonathan Daniels *#
Mr Hywel Jones *#
Mr Alun Hughes *# (resigned 7 July 2015)
Ms Rosemary Pritchard *#
Mr Benjamin West *#
Ms Amy Prior*# (resigned 7 July 2015)
Mr Paul White*# (resigned 7 July 2015)
Mr Barry Liles# (Principal)
Mr John Morrissey*#
Mr Randolph Thomas*# (resigned 2 October 2014)
Ms Maria Stedman *#(appointed 19 March 2015)
Mr Sion Davies*# (appointed 8 October 2015)

(* non – executive directors)

(# Trustees)

COLEG SIR GÂR

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2015 (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 is currently in force at the date of signing 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
- tell suppliers without delay when an invoice is contested and settle quickly on receiving a satisfactory response.

The College incurred no interest charges under The Late Payment of Commercial Debts (Interest) Act 1998. The College's performance in paying its suppliers during the year to 31 July 2015 was as follows:-

	2015	2015	2014	2014
	No	£000	No	£000
Total Invoices Received	8,675	20,917	8,255	18,895
Paid on time	6,579	18,596	6,513	16,752
% of total invoices received	76%	89%	79%	89%
Trade Creditors at 31 July - (Note 17)		493		1,499
	9 days		29 days	

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 14/15, the college invested in solar panels at its Graig and Pibwrlwyd sites. The investment will generate significant savings against energy expenditure and is congruent with plans to develop "Green Energy" and drive the continuous improvement of the college's environmental performance.

Employment of disabled persons

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

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 the decision making process.

COLEG SIR GÂR

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

Statement of directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice – Accounting for Further and Higher Institutions, the Accounts Direction issued by the Higher Education Funding Council for Wales and other relevant Accounting Standards (United Kingdom General Accounting Practice). In addition, within the terms and conditions of the financial memorandum agreed between the Welsh Government (WG), and the Company, the Directors are required, through the accounting officer, to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the 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;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

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

Statement of disclosure of information to auditors

Each of the persons who were directors at the time when the Directors' Report is approved, has confirmed that so far as the directors are aware, there is no relevant audit information, (ie information needed by the company's auditors 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 auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and have offered themselves for reappointment in accordance with the Companies Act 2006.

This report was approved by the board on 8/12/15 and was signed on behalf of the board by:


Mr Roger Evans
Director

Date: 8/12/15

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 Institution has applied the principles set out in the UK Corporate Governance Code as issued by the Financial Reporting Council. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

In the opinion of the directors, the Company complies with all the provisions of the UK Corporate Governance Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015 and up to the date of this report.

The Board of Directors

The Company Board of Directors are listed on page 18. It is the directors' responsibility to bring independent judgement to bear on 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 Institution 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, governance & remuneration, curriculum & standards, planning & resources, and audit & risk management.

The committees are comprised of directors and other advisory members chosen via the search, governance & remuneration committee – the only committee comprised entirely of directors - for the knowledge, skills and experience that they bring to the respective committee. For the avoidance of doubt, the advisory members are not directors of the Company.

The committees are advisory only, 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, governance & remuneration 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, Governance and Remuneration committee

Throughout the year ended 31 July 2015, the Institution's search, governance & remuneration committee comprised six members of the Board of Directors. The committee's responsibilities are to make recommendations to the Board on the selection of directors and advisory committee members, on matters of governance, and the remuneration of senior post holders including the Principal. Details of remuneration for the year ended 31 July 2015 are set out in note 6 to the financial statements.

COLEG SIR GÂR

CORPORATE GOVERNANCE STATEMENT (continued)

Audit and Risk Management committee

The audit and risk management committee is comprised of seven members, 3 directors and 4 advisory 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 Institution's internal auditors monitor 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 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 seven members, 3 directors and 4 advisory 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/forecasting, management and financial accounts, treasury/investments, HR issues and estates development/maintenance.

Curriculum and Standards committee.

The curriculum and standards committee is comprised of seven members, 3 directors and 4 advisory 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 he/she is personally responsible, in accordance with the responsibilities assigned to him/her in the Financial Memorandum between Coleg Sir Gâr and WG. He/she 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 2015 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 2015 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

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. At a minimum annually, the internal auditors provide the governing body with a report on internal audit activity in the institution. The report includes the internal auditors' 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 auditors
- the work of the executive managers within the Institution who have responsibility for the development and maintenance of the internal control framework
- comments made by the Institution's financial statements auditors and WG's auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of his/her 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 2015 meeting, the Board carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2014.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the Institution 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 the Welsh Government of material irregularity, impropriety and non-compliance with Welsh Government terms and conditions of funding, under the financial memorandum in place between the Company and the Welsh Government. 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 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 the Welsh Government'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. If any instances are identified after the date of this statement these will be notified to the Welsh Government.

Going concern

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

By order of the Board

Mr Roger Evans
Director

Date:

8/12/15

COLEG SIR GÂR

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF COLEG SIR GÂR (THE "INSTITUTION")

Report on the financial statements

Our opinion

In our opinion:

- Coleg Sir Gâr's group financial statements and parent institution financial statements (the "financial statements") give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2015, and of the group's income and expenditure, recognised gains and losses and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government.

What we have audited

The group financial statements comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2015;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Statement of Historical Cost Surpluses and Deficits for the year then ended;
- the consolidated Statement of Cash Flows for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

In our opinion, in all material respects:

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent institution, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent institution financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

To be excellent – the College of choice

Page 25

COLEG SIR GÂR

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF COLEG SIR GÂR (THE "INSTITUTION") (continued)

Other matters on which we are required to report by exception (continued)

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Corporation

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the Corporation (who are also the directors of the institution for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the institution's Corporation as a body in accordance with Article 18 of the college's articles of government and Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of the financial statements involves

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Ian Clarke

Ian Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea

8 December 2015

The maintenance and integrity of Coleg Sir Gâr website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

COLEG SIR GÂR

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
Income			
Funding body grants	1	20,741	21,851
Tuition fees and education contracts	2	4,819	4,834
Other income	3	5,718	6,416
Endowment and investment income	4	182	57
Total income		31,460	33,158
Expenditure			
Staff costs	5	21,544	20,312
Other operating expenses	7	10,349	11,656
Depreciation	11,12	1,124	978
Interest and other finance costs	9	-	10
Total expenditure		33,017	32,956
(Deficit)/surplus before exceptional items		(1,557)	202
Disposal of fixed assets		5	14
(Deficit)/surplus for the year retained within general reserves		(1,552)	216

All amounts are derived from continuing operations.

COLEG SIR GÂR

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
(Deficit)/surplus for the year retained within general reserves		(1,552)	216
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	191	192
Historical cost (deficit)/surplus for the year		(1,361)	408

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JULY 2015

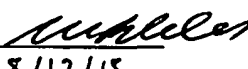
	Notes	2015 £000	2014 £000
(Deficit)/surplus for the year retained within general reserves		(1,552)	216
Net endowment expenditure for the year	21	(2)	(2)
Appreciation of endowment asset investments	21	1	1
Unrealised surplus/(deficit) on revaluation of fixed asset investments	22	16	(11)
Actuarial (loss)/gain in respect of pension scheme	23	(1,811)	981
Total recognised (loss)/gain relating to the year		(3,348)	1,185
Total recognised (loss)/gain since last report		(3,348)	1,185
Reconciliation			
Opening reserves and endowments		16,614	15,429
Total recognised (loss)/gain for the year		(3,348)	1,185
Closing reserves and endowments		13,266	16,614

COLEG SIR GÂR
CONSOLIDATED AND PARENT INSTITUTION BALANCE SHEETS
AS AT 31 JULY 2015

		2015		2014	
	Notes	Consolidated	College	Consolidated	College
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible assets	12	29,986	29,986	29,830	29,830
Investments	13	237	237	181	181
Total fixed assets		30,223	30,223	30,011	30,011
Endowment assets	14	21	21	22	22
Current assets					
Stocks	15	170	170	176	176
Debtors	16	2,436	2,451	2,989	2,999
Cash at bank and in hand		4,728	4,712	7,740	7,727
Total current assets		7,334	7,333	10,905	10,902
Less: Creditors: amounts falling due within one year	17	(2,568)	(2,568)	(4,075)	(4,075)
Net current assets		4,766	4,765	6,830	6,827
Total assets less current liabilities		35,010	35,009	36,863	36,860
Less: Creditors: amounts falling due after more than one year	18	-	-	-	-
Less: Provisions for liabilities	19	(1,478)	(1,478)	(1,526)	(1,526)
Net assets excluding pension liability		33,532	33,531	35,337	35,334
Net pension liability		(8,541)	(8,541)	(6,629)	(6,629)
Net assets including pension liability		24,991	24,990	28,708	28,705
Deferred capital grants	20	11,725	11,725	12,094	12,094
Endowment funds	21	21	21	22	22
Revaluation reserves					
Revaluation reserve	22	9,299	9,299	9,490	9,490
Investment property revaluation reserve	22	87	87	87	87
Investment revaluation reserve	22	60	60	44	44
		9,446	9,446	9,621	9,621
Reserves					
Income and expenditure account excluding pension reserve	22	12,340	12,339	13,600	13,597
Pension reserve	22,23	(8,541)	(8,541)	(6,629)	(6,629)
Income and expenditure account including pension reserve		3,799	3,798	6,971	6,968
Total reserves		13,245	13,244	16,592	16,589
Total funds		24,991	24,990	28,708	28,705

The financial statements on pages 27 to 55 were approved by the Corporate Board on 8 / 12 / 15 and were signed on its behalf by:

Chair: 
Date: 8/12/15
Mr Roger Evans

Director: 
Date: 8/12/15
Mr Barry Liles

COLEG SIR GÂR

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
Net cash (outflow)/inflow from operating activities	24	(1,944)	550
Returns on investments and servicing of finance	25	37	57
Capital expenditure	26	(1,104)	(1,189)
Management of liquid resources	27	(1)	(2)
Financing	28	-	-
Decrease in cash in the period	29	(3,012)	(584)

CONSOLIDATED RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	2015 £000	2014 £000
Decrease in cash in the year		(3,012)	(584)
Cash inflow from decrease in debt		-	-
Movement in net funds in the year	29	(3,012)	(584)
Net funds at 1 August	29	7,751	8,335
Net funds at 31 July	29	4,739	7,751

COLEG SIR GÂR

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2015

Basis of preparation

These financial statements have been prepared in accordance with the Companies Act as adapted to the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP)*, in accordance with applicable Accounting Standards in the United Kingdom, the Companies Act 2006 and with the applicable DfES Circular.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and on a going concern basis. The accounting rules set out below have been applied consistently.

The assets and liabilities of the former and now dissolved Coleg Sir Gâr further education corporation were transferred at net book value for £Nil consideration to Coleg Sir Gâr (a company limited by guarantee) on 1 August 2013. This business combination meets the relevant criteria for merger accounting which impact on further education sector bodies, under Financial Reporting Standard Acquisition and Mergers (FRS6).

The company therefore applied the merger accounting rules.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, CCTA Enterprises Limited. The results of the subsidiary are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2015.

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

As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Recognition of income

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

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

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

COLEG SIR GÂR

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR 31 JULY 2015 (continued)

Recognition of income (continued)

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

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.

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

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.

Pension schemes

Retirement 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 Earnings Related Pension 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 assets of the LGPS are measured using closing market "bid" values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

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 Learner Support Council.

Tangible fixed assets

(a) Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost or if revalued at valuation. Freehold land is not depreciated.

COLEG SIR GÂR

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2015 (continued)

Tangible fixed assets (continued)

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.

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 capital grant account 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.

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 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1998, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

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

(b) Heritage assets

Works of art and other valuable artefacts (heritage assets) and valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

(c) Equipment (including fixtures and fittings)

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

Equipment is depreciated over its useful economic life as follows:

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

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

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.

COLEG SIR GÂR

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2015 (continued)

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and 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

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

Investments that form part of Endowment Assets are included in the balance sheet at market value.

Current asset investments are carried at the lower of their original cost and net realisable value.

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.

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.

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 into sterling either at year end rates, or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Taxation

The College is a registered charity and as such is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

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

COLEG SIR GÂR

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 JULY 2015 (continued)

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

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 account and are shown separately in note 33.

Accounting for charitable donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. 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

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS

1 Funding body grants

	2015			
	WG £000	HEFCW £000	Total £000	2014 £000
Recurrent grant	16,466	-	16,466	16,304
Work based learning	2,906	-	2,906	3,269
Releases of deferred capital grants:				
Buildings	326	-	326	325
Equipment	44	-	44	50
Other revenue grants	999	-	999	1,903
	20,741	-	20,741	21,851

2 Tuition fees and education contracts

	2015 £000	2014 £000
UK higher education students	3,224	2,718
UK further education students	177	115
Non-EU students	9	5
Total fees paid by or on behalf of individual students	3,410	2,838
Education contracts		
Higher Education contracts	671	924
Other contracts	738	1,072
	4,819	4,834

3 Other income

	2015 £000	2014 £000
Residencies and catering	830	871
Release of deferred capital grants (non-WG)	140	82
Farming activities	863	1,204
Other income-generating activities	1,355	1,410
Other grant income:		
European funds	1,496	1,708
Other funds	860	979
Other income	174	162
	5,718	6,416

4 Endowment and investment income

	2015 £000	2014 £000
Interest receivable	37	57
Interest element of pension liability (see note 23)	145	-
	182	57

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Staff costs

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

	2015 Number	2014 Number
Teaching departments:		
Teaching staff	268	271
Other staff	25	25
	293	296
Teaching support services	24	24
Other support services	29	30
Administration and central services	97	97
Premises	25	22
Other income-generating activities	84	82
Catering and residences	4	5
Farm	11	12
	567	568

Staff costs for the above persons:

	2015 £000	2014 £000
Teaching departments		
Teaching staff	11,597	11,544
Other staff	560	547
	12,157	12,091
Teaching support services	626	607
Other support services	682	691
Administration and central services	3,233	3,336
Premises	511	461
Other income-generating activities	2,625	2,465
Catering and residences	68	81
Farm	164	171
Staff restructuring	1,171	26
Pension costs - staff restructuring	61	67
FRS 17 adjustments	246	316
	21,544	20,312

	2015 £000	2014 £000
Wages and salaries	17,868	16,654
Social security costs	1,178	1,178
Other pension costs (including FRS 17 adjustments)	2,498	2,480
	21,544	20,312

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Staff costs (continued)

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges were:

	2015 Number	2014 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	-	-
£100,001 +	1	1
	4	4

A pay award of 1% (2014: 1%) was approved by the Board and paid with effect from 1 August 2014 for all staff, with the exception of the Principal who did not receive a pay increase (2014: 23.1%).

6 Senior post-holders' emoluments

The number of senior post-holders, including the Principal, was 4 (2014: 4).

Senior post-holders' emoluments are made up as follows:

	2015 £	2014 £
Salaries	349,206	346,347
Benefits in kind	-	-
	349,206	346,347
Pension contributions	49,093	48,552
Total emoluments	398,299	394,899

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	2015 £	2014 £
Salaries	136,500	136,500
	136,500	136,500
Pension contributions	19,246	19,246
Total emoluments	155,746	155,746

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 incurred in the course of their duties.

The Principal did not receive a pay increase (2014: 23.1%), but other higher paid staff (including senior post holders), received a pay increase of 1 % during the year (2014: 1%). No bonuses or other salary enhancements were awarded to senior post-holders or other higher paid staff (2014: nil).

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Other operating expenses

	2015 £000	2014 £000
Teaching departments	1,116	1,115
Teaching support services – libraries & resource centres	66	88
- examination fees	553	664
- student transport	771	781
Other support services	39	49
Administration and central services	2,912	3,369
General education expenditure	396	435
Premises:		
Running costs	998	940
Routine maintenance	557	736
Rents and leases	145	123
Planned maintenance	-	-
Other income generating activities	44	45
Catering and residence operations	739	765
Farming activities	699	728
Franchised provision	627	1,068
Irrecoverable value added tax	687	750
	10,349	11,656

Other operating expenses include:

	2015 £000	2014 £000
Auditors' remuneration:		
Financial statements audit	15	15
Internal audit	19	17
Other services provided by the financial statements auditors (regulatory return services)	15	14
Registration fees	184	167
Hire of other assets – operating leases	424	442

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Costs in respect of overseas activities

The following costs were incurred during 2014-2015 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	-	-	-	-
Senior post holders	-	-	-	-
Other staff	-	-	-	-
	-	-	-	-

9 Interest and other finance costs

	2015 £000	2014 £000
Pension finance costs (see note 23)	-	10

10 (Deficit)/surplus on continuing operations for the year

The loss on continuing operations for the year consists of the College's loss of £1,550,000 (2014: £217,000 surplus), and the subsidiary company's loss of £2,000 (2014: loss of £1,000).

11 Intangible assets

Consolidated and College

	Milk quota £000
Cost	
At 1 August 2014 and 31 July 2015	302
Accumulated Amortisation	
At 1 August 2014	302
Charge for the year	-
At 31 July 2015	302
Net book value	
At 31 July 2015	-
At 31 July 2014	-

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Tangible assets

Consolidated

	Freehold land and buildings £000	Equipment £000	Fixtures and fittings £000	Livestock £000	Total £000
Cost or valuation					
At 1 August 2014	38,324	3,676	1,317	411	43,728
Additions	688	551	13	28	1,280
Disposals	-	(86)	-	-	(86)
At 31 July 2015	39,012	4,141	1,330	439	44,922
Accumulated Depreciation					
At 1 August 2014	9,387	3,313	1,198	-	13,898
Charge for the year	842	213	69	-	1,124
Eliminated on disposal	-	(86)	-	-	(86)
At 31 July 2015	10,229	3,440	1,267	-	14,936
Net book value					
At 31 July 2015	28,783	701	63	439	29,986
At 31 July 2014	28,937	363	119	411	29,830
Cost or valuation at 31 July 2015 represented by:					
Valuation	19,716	-	-	439	20,155
Cost	19,296	4,141	1,330	-	24,767
	39,012	4,141	1,330	439	44,922
Analysis of net book value at 31 July 2015					
Inherited	9,386	-	-	-	9,386
Financed by capital grant	11,508	217	-	-	11,725
Other	7,889	484	63	439	8,875
	28,783	701	63	439	29,986

The transitional rules set out in FRS15: Tangible Fixed Assets, have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land and buildings were revalued in 1998 at depreciated replacement cost by Cooke & Arkwright, a firm of independent chartered surveyors.

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Tangible assets (continued)

College

	Freehold land and buildings £000	Equipment £000	Fixtures and fittings £000	Livestock £000	Total £000
Cost or valuation					
At 1 August 2014	38,324	3,662	1,317	411	43,714
Additions	688	551	13	28	1,280
Disposals	-	(86)	-	-	(86)
At 31 July 2015	39,012	4,127	1,330	439	44,908
Accumulated Depreciation					
At 1 August 2014	9,387	3,299	1,198	-	13,884
Charge for the year	842	213	69	-	1,124
Eliminated on disposal	-	(86)	-	-	(86)
At 31 July 2015	10,229	3,426	1,267	-	14,922
Net book value					
At 31 July 2015	28,783	701	63	439	29,986
At 31 July 2014	28,937	363	119	411	29,830
Cost or valuation at 31 July 2015 represented by:					
Valuation	19,716	-	-	439	20,155
Cost	19,296	4,127	1,330	-	24,753
	39,012	4,127	1,330	439	44,908
Analysis of net book value at 31 July 2015					
Inherited	9,386	-	-	-	9,386
Financed by capital grant	11,508	217	-	-	11,725
Other	7,889	484	63	439	8,875
	28,783	701	63	439	29,986

Consolidated and College freehold land and buildings

	Occupied for own use £000	Investment properties £000	Properties under development £000	Total £000
Cost or valuation				
At 1 August 2014	37,193	98	1,033	38,324
Transferred in the year	1,033	-	(1,033)	-
Additions	688	-	-	688
Disposals	-	-	-	-
At 31 July 2015	38,914	98	-	39,012
Accumulated Depreciation				
At 1 August 2014	9,376	11	-	9,387
Charge for the year	842	-	-	842
Disposals	-	-	-	-
At 31 July 2015	10,218	11	-	10,229
Net book value				
At 31 July 2015	28,696	87	-	28,783
At 31 July 2014	27,817	87	1,033	28,937
Cost or valuation at 31 July 2015 represented by:				
Valuation	19,618	98	-	19,716
Cost	19,296	-	-	19,296
	38,914	98	-	39,012
Analysis of net book value at 31 July 2015				
Inherited	9,299	87	-	9,386
Financed by capital grant	11,508	-	-	11,508
Other	7,889	-	-	7,889
	28,696	87	-	28,783

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Investments

	2015		2014	
	Consolidated £	College £	Consolidated £	College £
Investment in subsidiary company	-	2	-	2
Other investments	236,770	236,770	181,100	181,100
	236,770	236,772	181,100	181,102

The College owns 100% of the issued ordinary £1 shares of CCTA Enterprises Limited, a company incorporated in England and Wales. The principal business activity of CCTA Enterprises Limited is the provision of education and training. CCTA Enterprises Limited owns 100% of the issued ordinary £1 shares of Rareblend Limited, a dormant company incorporated in England and Wales. The company is not consolidated. At 31 July 2015 the net assets of Rareblend Limited were £2 (2014: £2). The members believe that the carrying value of the investments are supported by underlying net assets.

Other investments

Consolidated and College	Listed investments £000	Other investments £000	Total £000
Cost or valuation			
At 1 August 2014	42	139	181
Additions	-	40	40
Revaluation	16	-	16
At 31 July 2015	58	179	237
Cost or valuation at 31 July 2015 represented by:			
Valuation	58	-	58
Cost	-	179	179
	58	179	237

Other investments relating to shares held in listed companies have been restated at their market value. The original cost was £Nil (2014: £Nil).

14 Endowment assets

Consolidated and College	2015 £000	2014 £000
Balance at 1 August	22	23
Increase in value of investments	1	-
Income for the year	-	1
Expenditure for the year	(2)	(2)
Balance at 31 July	21	22
Represented by:		
COIF Charities Investment Fund Holdings	10	11
Cash balances	11	11
	21	22

15 Stock

Consolidated and College	2015 £000	2014 £000
Livestock for resale	170	176
	170	176

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Debtors

	2015		2014	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	825	825	988	984
Amounts owed by group undertakings	-	15	-	14
Prepayments and accrued income	1,611	1,611	2,001	2,001
	2,436	2,451	2,989	2,999

17 Creditors: amounts falling due within one year

	2015		2014	
	Consolidated	College	Consolidated	College
	£000	£000	£000	£000
Bank loans and overdrafts (see note 18)	-	-	-	-
Payments received in advance	579	579	1,048	1,048
Trade creditors	493	493	1,499	1,499
Taxation and social security	594	594	370	370
Accruals and deferred income	902	902	1,158	1,158
	2,568	2,568	4,075	4,075

18 Creditors: amounts falling due after more than one year

	2015	2014
Consolidated and College	£000	£000
Bank loans and overdrafts	-	-
Analysis of bank and other loan repayments:		
In one year or less or on demand	-	-
In more than one year but not more than two	-	-
In more than two years but not more than five years	-	-
	-	-

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Provisions for liabilities and charges

Consolidated and College	Enhanced Pension Provision	VAT	Rationalisation	ESF	Total
	£000	£000	£000	£000	£000
At 1 August 2014	815	242	250	219	1,526
Utilised in the period	(60)	-	-	-	(60)
Transferred from income and expenditure account	12	-	-	-	12
At 31 July 2015	767	242	250	219	1,478

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

The principal assumptions for this calculation are:

	2015	2014
Interest rate	3.46 %	4.06 %
Net interest rate	1.75 %	2.25 %

20 Deferred capital grants

Consolidated and College	WG	Other grants	Total
	£000	£000	£000
At 1 August 2014			
Land and buildings	9,025	2,915	11,940
Equipment	86	68	154
Cash received			
Land and buildings	-	-	-
Equipment	-	141	141
Released to income and expenditure account			
Land and buildings	(326)	(106)	(432)
Equipment	(44)	(34)	(78)
At 31 July 2015			
Land and buildings	8,699	2,809	11,508
Equipment	42	175	217
	8,741	2,984	11,725

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Endowment funds

Year ended 31st July 2015

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

Year ended 31st July 2014

Consolidated and College	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	Total £000
Balance at – 1 August 2013					
Capital	-	23	-	23	23
Accumulated interest	-	-	-	-	-
Total	-	23	-	23	23
Increase in market value of investments	-	1	-	1	1
Expenditure for the year	-	(2)	-	(2)	(2)
Balance at - 31 July 2014					
Capital	-	22	-	22	22
Accumulated interest	-	-	-	-	-
Total	-	22	-	22	22
Representing:					
Fellowship and scholarship funds	-	17	-	17	17
Prize funds	-	5	-	5	5
Total	-	22	-	22	22

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Reserves

Consolidated

	Revaluation	Investment property revaluation	Investment revaluation	Income and expenditure	Pension reserve	Total
	£000	£000	£000	£000	£000	£000
At 1 August 2014	9,490	87	44	13,600	(6,629)	16,592
Transfer from revaluation reserve to income and expenditure account	(191)	-	-	191	-	-
Revaluation of investments	-	-	16	-	-	16
Deficit for the year	-	-	-	(1,451)	(101)	(1,552)
Actuarial loss	-	-	-	-	(1,811)	(1,811)
At 31 July 2015	9,299	87	60	12,340	(8,541)	13,245

College

	Revaluation	Investment property revaluation	Investment revaluation	Income and expenditure	Pension reserve	Total
	£000	£000	£000	£000	£000	£000
At 1 August 2014	9,490	87	44	13,597	(6,629)	16,589
Transfer from revaluation reserve to income and expenditure account	(191)	-	-	191	-	-
Revaluation of investments	-	-	16	-	-	16
Deficit for the year	-	-	-	(1,449)	(101)	(1,550)
Actuarial loss	-	-	-	-	(1,811)	(1,811)
At 31 July 2015	9,299	87	60	12,339	(8,541)	13,244

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension and similar obligations

The College's employees belong to two principal pension schemes, the TPS (unfunded) and the LGPS (funded), which are of the defined benefit type, the assets of the schemes being held in separate trustee-administered funds.

The total pension cost for the College was:

	2015 £000	2014 £000
TPS: Contributions paid	1,318	1,319
LGPS: Charge to the Income & Expenditure Account :		
Contributions paid	874	778
FRS 17 charge	246	316
Staff restructuring	60	67
Total pension cost	2,498	2,480
	2015 £000	2014 £000
Staff restructuring		
Benefits recharged during the year by the LGPS	60	61
Early retirement costs	-	-
Other staff restructuring costs	-	6
	60	67
	2015 £000	2014 £000
Total Contributions to LGPS		
Benefits recharged during the year by the LGPS	60	61
Employer other contributions	-	-
Employer normal contributions	874	778
	934	839

LGPS (Local Government Pension Scheme)

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

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

The agreed contribution rate for the year commencing 1 April 2015 is 14.3% (2014: 13.1%), plus a fixed monthly payment of £11,550 (£138,600 per annum).

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension and similar obligations (continued)

An actuarial valuation of the scheme was also carried out at 31 July 2015, 31 July 2014 and at 31 July 2013 by a qualified independent actuary using the projected unit method for FRS17 purposes. The major assumptions used by the actuary were:

	2015	2014	2013
Rate of inflation - CPI	2.20%	2.30%	2.40%
Rate of increase in salaries	3.70%	3.80%	4.15%
Rate of increase in pensions	2.20%	2.30%	2.40%
Discount rate	3.80%	4.30%	4.50%
Mortality			
	Years	Years	Years
Retiring Today - Males	23.3	23.2	22.4
Retiring Today - Females	25.8	25.7	25.0
Retiring in 20 years time - Males	25.5	25.4	24.2
Retiring in 20 years time - Females	28.1	28.0	27.0

The split of scheme assets and the expected rate of return were:

	2015 Expected rate of return %	2015 Split %	2014 Expected rate of return %	2014 Split %	2013 Expected rate of return %	2013 Split %
Equities	6.5	69.7	7.0	70.1	7.0	71.1
Government bonds	2.5	9.7	3.2	9.6	3.3	9.9
Other bonds	3.6	9.8	4.1	9.7	4.3	10.2
Property	6.1	10.3	6.2	10.2	5.7	7.6
Cash	0.5	0.5	0.5	0.4	0.5	1.2
		100.0		100.0		100.0

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension and similar obligations (continued)

The following amounts at 31 July 2015, 31 July 2014 and at 31 July 2013 were measured in accordance with the requirements of FRS17:

	2015 £000	2014 £000	2013 £000
Market value of assets	28,393	25,124	23,541
Liabilities	(36,934)	(31,753)	(30,825)
Deficit in the scheme/net pension liability	(8,541)	(6,629)	(7,284)

In accordance with FRS17, the following components of the pension charge have been recognised in the income and expenditure account and statement of recognised gains and losses for the year ended 31 July 2015 and 31 July 2014:

	2015 £000	2014 £000
Analysis of amounts charged to income and expenditure account		
Current service cost	(1,178)	(1,155)
Curtailment cost	(2)	-
Operating cost	(1,180)	(1,155)
Analysis of amounts charged to financing of provisions		
Expected return on assets	1,528	1,396
Interest on pension liabilities	(1,383)	(1,406)
Net finance income/(cost)	145	(10)
Analysis of amounts recognised in the statement of total recognised gains and losses		
Difference between actual and expected return on scheme assets	1,203	(312)
Effects of changes in assumptions underlying the present value of scheme liabilities	(3,014)	1,293
Actuarial (loss)/gain	(1,811)	981
Movement in the College's share of the scheme's deficit during the year		
Deficit in scheme as at 1 August	(6,629)	(7,284)
Operating cost	(1,180)	(1,155)
Net finance income/(cost)	145	(10)
Actuarial (loss)/gain	(1,811)	981
Contributions	934	839
(Deficit) in scheme as at 31 July	(8,541)	(6,629)

The cumulative amounts of actuarial losses recognised in the statement of total recognised gains and losses is £1,351,000 (2014: gain of £460,000)

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension and similar obligations (continued)

Asset and Liability Reconciliations:

Reconciliation of Liabilities	2015	2014
	£000	£000
Liabilities at start of year	31,753	30,825
Current service cost	1,178	1,155
Interest cost	1,383	1,406
Contribution by scheme participants	366	355
Actuarial loss/(gain)	3,014	(1,293)
Benefits paid	(762)	(695)
Curtailments and settlements	2	-
Liabilities at end of year	36,934	31,753

Reconciliation of Assets	2015	2014
	£000	£000
Assets at start of year	25,124	23,541
Expected return on assets	1,528	1,396
Actuarial gain/(loss)	1,203	(312)
Contributions by the employer	934	839
Contributions by the scheme participant	366	355
Benefits paid	(762)	(695)
Assets at end of year	28,393	25,124

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

	2015	2014	2013	2012	2011
Defined benefit obligation (£000)	(36,934)	(31,753)	(30,825)	(28,423)	(25,019)
Plan assets (£000)	28,393	25,124	23,541	19,630	18,801
Deficit (£000)	(8,541)	(6,629)	(7,284)	(8,793)	(6,218)

Difference between actual and expected return on scheme assets:

Amount (£000)	1,203	(312)	2,494	(803)	1,818
Percentage of scheme assets	4.2%	(1.24%)	10.6%	(4.1%)	9.7%

Experience gains and losses arising on scheme liabilities:

Amount (£000)	-	-	-	-	1,229
Percentage of scheme liabilities	-	-	-	-	4.9%

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

Amount (£000)	(3,014)	1,293	(605)	(1,418)	1,170
Percentage of scheme liabilities	(8.2%)	4.1%	(2.0%)	(5.0%)	4.7%

Total of amounts recognised in the statement of total recognised gains and losses:

Amount (£000)	(1,811)	981	1,889	(2,221)	2,988
Percentage of scheme liabilities	(4.9%)	3.1%	6.1%	(7.8%)	11.9%

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Pension and similar obligations (continued)

TPS (Teachers Pension Scheme)

The latest actuarial valuation of the scheme was as at 31 March 2012. The Government Actuary (GA) reported on the valuation of the Teachers' Pension Scheme in 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 £15.0 bn

The total recommended rate of contribution payable by employers from 1 April 2015 is 16.4% (previously 14.1%) of salary.

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%

Under the definitions set out in FRS17, 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 FRS17 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 on the scheme and the implication for the College in terms of the anticipated contribution rates.

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2015 £000	2014 £000
Operating (deficit)/surplus for the year	(1,552)	216
Interest (received)	(37)	(57)
Depreciation (note 12)	1,124	969
Amortisation (note 11)	-	9
Increase in provision for bad and doubtful debts	13	35
Surplus on disposals of fixed assets	(5)	(14)
Deferred capital grants released to income:		
WG (note 1)	(370)	(375)
Non-WG (note 3)	(140)	(82)
Specific grants released to income	(510)	(478)
Pension cost less contributions payable	101	326
(Increase)/Decrease in stocks	(22)	7
Decrease in debtors	151	7
Decrease/(increase) in prepayments and accrued income	390	(641)
(Decrease)/increase in creditors	(1,006)	346
Increase in other taxation and social security	223	15
(Decrease)/increase in accruals	(256)	261
(Increase)/Decrease in provisions	(48)	6
Net cash (outflow)/inflow from operating activities	(1,944)	550

25 Returns on investments and servicing of finance

	2015 £000	2014 £000
Interest received	37	57
Net cash inflow from returns on investments and servicing of finance	37	57

26 Capital expenditure

	2015 £000	2014 £000
Payments to acquire tangible fixed assets	(1,252)	(1,586)
Proceeds from disposal of tangible fixed assets	5	14
Payments to acquire new investment	(40)	(75)
Deferred capital grants received	141	78
Unspent specific grants received	42	380
Net cash outflow from capital expenditure	(1,104)	(1,189)

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

27 Management of liquid resources

	2015 £000	2014 £000
Movement in endowment assets	(1)	(2)
Net cash outflow from management of liquid resources	(1)	(2)

28 Financing

	2015 £000	2014 £000
Repayment of secured loan	-	-
Repayment of unsecured loan	-	-
Net cash outflow from financing	-	-

29 Analysis of changes in net funds

	1 August 2014 £000	Cash flows £000	31 July 2015 £000
Cash in hand and at bank	7,740	(3,012)	4,728
Endowment asset investments	11	-	11
	7,751	(3,012)	4,739
Debt due within one year	-	-	-
Debt due after one year	-	-	-
	-	-	-
Net funds	7,751	(3,012)	4,739

30 Capital commitments

	2015 £000	2014 £000
Consolidated and College		
Commitments contracted for at 31 July	127	278
Commitments authorised at 31 July	127	278

31 Financial commitments

At 31 July 2015 the College was committed to making the following payments during the next year in respect of operating leases:

	2015 Land and buildings £000	2015 Other £000	2014 Land and buildings £000	2014 Other £000
Consolidated and College				
Expiring within one year	55	52	66	24
Expiring between two and five years inclusive	21	403	20	423
Expiring in over five years	-	-	-	-
	76	455	86	447

COLEG SIR GÂR

NOTES TO THE FINANCIAL STATEMENTS (continued)

32 Related party transactions

The College maintains a register of its interests for Directors of the Company and senior post-holders. The following were outstanding / carried out during the year ended 31st July 2015:

Coleg Ceredigion - Group Member

- £570 receivable (2014: £3,825 payable)
- Total income for the year £570 (2014: £nil), total purchases for the period £26,875 (2014: £3,825)

UWTSD – Parent

- £6,508 receivable (2014: £26,779), £62,880 payable (2014: £62,880)
- Total income for the year £683,742 (2014: £336,644), total purchases £285,347 (2014: £284,028)

Fforwm Services Limited – Barry Liles is a director

- £0 payable (2014: £1,167)
- Total purchases for the year £45,250 (2014: £8,088)

33 Amounts dispersed as agents

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

Financial Contingency Funds	2015	2015	2015	2014	2014	2014
	WG	HEFCW	Total	WG	HEFCW	Total
	£000	£000	£000	£000	£000	£000
Balance unspent at 1 August	29	-	29	28	-	28
Grants received	359	-	359	367	1	368
Available for distribution	388	-	388	395	1	396
Disbursed to students	(354)	-	(354)	(355)	(1)	(356)
Administration costs	(11)	-	(11)	(11)	-	(11)
Balance unspent at 31 July	23	-	23	29	-	29

34 Ultimate parent undertaking

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

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