

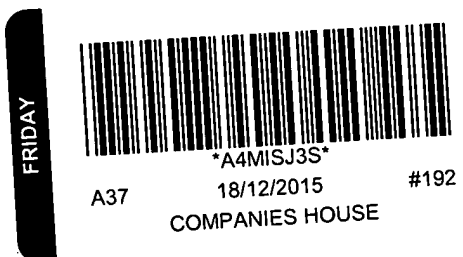
**COLEG CEREDIGION**  
**(a company limited by guarantee)**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 JULY 2015**

**Company registration no : 08725643**

**Charity registration no : 1154557**



# **Coleg Ceredigion**

## **Annual report for the year ended 31 July 2015**

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# Coleg Ceredigion

## 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).

In making decisions the trustees have had due regard to public benefit guidance.

### 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.

#### **Admissions**

The College operates an inclusive admissions policy. However some programmes have specific entry requirements which are reviewed annually and published in the College prospectus.

#### **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 broad range of academic and vocational education and training programmes. These range from pre-entry to level 5. It also provides for 14-16 school pupils who attend the College and adult learners. The College delivers across two campuses and in the workplace.

#### **Community Engagement**

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

By order of the Board

Signature

*Allison Coleman*

Date:

*1/12/15*

Ms Allison Coleman  
Director and Chair

# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015

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

### COLLEGE MISSION

The College mission statement, as recorded in its Strategic Plan 2014-2017, was approved by the Board in June 2015 reads:

***'Fulfilling Potential – Changing Lives'***

### BACKGROUND

Coleg Ceredigion Further Education Corporation was established under the Further Education and Higher Education Act 1992 for the purpose of conducting education and training at Coleg Ceredigion, which is a bilingual further education college with campuses at Aberystwyth and Cardigan.

On 31 December 2013 the Coleg Ceredigion 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 Ceredigion Company (incorporated on 9 October 2013). The Coleg Ceredigion (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 Ceredigion 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 conducting education and training, within a rural, bilingual further education college situated on campuses in Aberystwyth and Cardigan.

The distance between the two campuses is 40 miles. The college's main catchment area is the county of Ceredigion but the college also attracts a considerable number of students from parts of North Pembrokeshire, North Carmarthenshire, North West Powys and South Meirionnydd.

The College has an annual turnover in excess of £5m and employs 180 staff about 72 of whom are employed on a full-time basis. Each year nearly 3,000 students enrol at the college. These include around 700 full-time learners, most of whom are school leavers from the ten secondary schools in the college's catchment area (the seven secondary schools in Ceredigion together with the secondary schools located in Machynlleth, Newcastle Emlyn and Crymch).

Ceredigion's population, according to the 2011 census is 75,922. With 43 people per square kilometre, the area is less densely populated than Wales as a whole. In keeping with the rest of Wales 15.7% of the population in the area is of retirement age. The number of 16-19 year olds in the county is projected to decrease significantly over the next 15 years. Consequently, the college takes careful account of this demographic trend in all its decision-making in relation to the college curriculum. According to the 2011 Census 47% of the population in Ceredigion are Welsh speakers, compared with 19% across Wales.

# Coleg Ceredigion

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 JULY 2015 (continued)

The population is scattered throughout the small towns, villages and hamlets of the county. Aberystwyth is by far the largest town, with a resident population of over 18,000, which increases to approximately 25,000 during university term time. The next largest towns are Cardigan with a population of 4,000 and Lampeter with a resident population of 2,000, which also increases during university term time. The fourth largest town is Aberaeron with a population of 1,500. Coleg Ceredigion's campuses are therefore located in the two largest towns in the county.

Ceredigion is poorly served by public transport. Some main routes have an adequate bus service but public transport is a challenge for many communities. Many learners would not be able to attend Coleg Ceredigion were it not either for their own private transport or for the bus service.

#### STRATEGIC AND OPERATIONAL PLANS

The Board seeks to fulfil this mission and achieve its associated aims and strategic objectives through the development and implementation of a three-year strategic plan, an Annual Operational Plan, and a range of specific supporting operational plans.

In seeking to fulfil its mission the College's has a set of values and strategic priorities, and these are set out in the College's Strategic Plan 2014-17 as follows:

#### VALUES

- Behave ethically and with integrity in an environment of mutual RESPECT that actively promotes success and meets the needs of the individual
- Promote a culture of individual and collective RESPONSIBILITY
- Work hard at all times to achieve the very best RESULTS

#### KEY THEMES AND STRATEGIC PRIORITIES

In addition, the college has 6 Key Themes, against which it establishes an annual strategic priority. In 2014-15 these were:

|    | <b>KEY THEMES</b>            | <b>STRATEGIC PRIORITY 2014-15</b>        |
|----|------------------------------|--|
| 1. | Teaching and Learning        | INSPIRE THROUGH INNOVATION               |
| 2. | Progress                     | LISTEN, HEAR, ACT                        |
| 3. | Enterprise and Employability | CREATE OPPORTUNITIES FOR ECONOMIC GROWTH |
| 4. | Bilingual Communities        | SHARE AWARD WINNING EXPERTISE            |
| 5. | Sustainable Futures          | DRIVE LEARNING PARTNERSHIPS              |
| 6. | Strong Leaderships           | LEAD COLLABORATIVE VISION                |

# **Coleg Ceredigion**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JULY 2015 (continued)**

In addition to its overarching Annual Operational Plan the college has a range of supporting plans. In 2014-15 they were as follows:

- Business and Enterprise Strategy and Action Plan
- Business Continuity Plan
- Communication Strategy (Staff)
- Digital Learning Strategy
- Enrichment and Tutorial Strategy and Action Plan
- Environmental Management Strategy and Action Plan
- Equality and Diversity Scheme and Action Plan
- ESDGC Strategy and Development Plan
- Estates Strategy and Recommendations
- Excellence Sharing Programme (ESP)
- Financial Strategy, Procurement and Value for Money Strategies
- Health and Safety Strategy and Action Plan
- IT Strategy and Action Plan (under development)
- Learner Engagement Strategy and Action Plan
- Learning and Teaching Strategy and Action Plan
- Literacy and Numeracy Strategy and Action Plan
- Partnership Strategy and Targets
- Provision Development (Delivery) Plan (PDP)
- Results Improvement Support Programme (RISP)
- Risk Policy, Risk Register and Action Plan
- Self-Assessment Report and Quality Development Plan
- Staff Development Strategy and Development Plan
- UWTSD Group Commercialisation Strategy and Action Plan
- Welsh Language Scheme and Action Plan
- Widening Participation Strategy

The implementation of the strategic and operational plans is the responsibility of the College's Executive Committee.

# Coleg Ceredigion

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

### FINANCIAL PERFORMANCE

The college incurred a deficit for the year before exceptional item of £507,000 (2014: deficit £196,000). However the deficit is after "non cash" items relating to depreciation and additional pension charges consistent with the requirements of Financial Reporting Standard No 17: Retirement Benefits (FRS17).

The cash (deficit)/surplus generated by the college is shown below:

|  | 2015      | 2014      |
|--|-----------|-----------|
|  | £         | £         |
| Deficit for the year (before exceptional item)                         | (507,000) | (196,000) |
| Non-cash items:  |           |           |
| Depreciation net of deferred capital grants                            | 151,000   | 160,000   |
| FRS17 adjustments  | (32,000)  | 38,000    |
| Early retirement charges   | 48,000    | 5,000     |
| Restructuring costs  | 137,000   | -         |
| Cash (deficit)/surplus generated before non-cash and exceptional items | (203,000) | 7,000     |

Total income for the 2014-15 financial year was £5,266,000 compared with £5,633,000 in the previous year. Welsh Government grants accounted for 82% of income in 2015 compared with 85% in the previous year.

Total expenditure for the 2014-15 financial year was decreased to £5,773,000 compared with £5,829,000 in the previous year. Salary costs showed a 2% increase at £4,154,000 (excluding early retirement charges and restructuring costs) compared to £4,071,000 and the staff costs as a percentage of total income increased to 79% from 72% in the year.

The deficit and the adverse FRS 17 adjustment has impacted significantly on the financial position of the college with a reduction of £808,000 in reserves and a decrease in the cash balance of £266,000 to £595,000 (2014 £861,000) and with the FRS 17 pension adjustment the Net Assets have decreased to £3,580,000 (2014: £4,469,000).

### FINANCIAL OBJECTIVES:

- to achieve a year end position in line with the financial forecasts and a positive cash flow
- to diversify income streams and reduce reliance on core funding
- to ensure a healthy short term liquidity position
- to fund continued capital investment

The College wishes to continue to accumulate cash balances to fund future planned capital developments. To achieve this, the College has continued its drive for efficiency in the education and training it delivers. This has been and will be achieved by thoroughly reviewing its curriculum provision, effective deployment of resources and best value procurement of goods and services. In addition to this, the College continues to actively seek and develop other sources of income.

# **Coleg Ceredigion**

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

### **KEY PERFORMANCE INDICATORS**

In addition to the measures highlighted on pages 9 to 11, the Company's key performance indicators are income and operating (deficit)/surplus as reported above.

### **THE FUTURE**

The college will continue to grow and develop its curriculum portfolio to meet the needs of its learners and the local and regional economy. Seeking bilingual developments are at the heart of the college's work in preparing young people to work and live in a bilingual community and thus contribute to the economy. Maintaining the current high of success and continuing to innovate in teaching and learning remain key priorities. In addition developing the college estate to meet the needs of learners and new curricular progression routes into HE as part of an emerging UWTSD all group strategy is central to the college's sustainable development agenda.

With the Welsh Government funding cuts for 2015/16 and those projected for 2016/17 Coleg Ceredigion faces a number of challenges in the future. The college is not unique in this respect but will need to work closely in its position as a merged subsidiary company of UWTSD to maximise opportunities for efficiency gains through joint working and procurement. Various new strategic approaches are being developed across the group to enable this to be realised including group HR and Estates Strategies.

The college will continue to seek out opportunities for collaborative ventures that will enhance the college's position within the local community.

### **CURRICULUM DEVELOPMENT AND ENRICHMENT**

The college currently offers learning provision in a wide range of areas to include:

- Health and Care
- Childcare
- Hospitality and Catering
- Hair and Beauty
- Business and Management
- ICT
- Engineering
- Furniture
- Construction
- Art and Design
- Performing Arts, Art and Media
- GCSEs
- Foundation Studies
- Independent Living Skills
- Adult Basic Education
- ESOL
- Teacher Training (bi-annually)



# **Coleg Ceredigion**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 JULY 2015 (continued)**

Most of Coleg Ceredigion's learning provision is funded by the DfES through its Post 16 Planning and Funding Framework. The college also offers a range of work based learning provision (Care and Accounting being the main areas) which is delivered through the B-WBL Consortium of which the college is a partner. The college also delivers a small amount of higher education provision (teacher training) which is funded through a franchise arrangement with UWTSD. This provision is delivered every other year depending on the number of applications. The curriculum provides a service to the whole learning community and provision is available from pre-entry up to level 5.

The curriculum is comprehensively planned and reviewed by the Curriculum Planning and Delivery Committee which reports to the Executive Committee. Planning takes into account Ministerial Priorities and Labour Market Intelligence (to include reports from Sector Skills Councils, Welsh Government, and the Regional Learning Partnerships including the emerging "Growing Mid-Wales" Partnership). Effective consultation also takes place with the 14-19 network, other partners within the UWTSD group, industry, employers and learners.



The college places strong emphasis on providing bilingual and Welsh medium opportunities to enhance employment opportunities for learners. Its commitment to the Welsh Language is reflected in the fact that the college won the Colegau Cymru Award for Bilingualism and the Welsh language in 2014.

The college secured a £300,000 Capital grant from Welsh Government in March 2015 to build a purpose built Welsh Language Centre "Y Man a'r Lle" on its Cardigan campus. The Centre will give the college opportunities to further develop its Welsh language enrichment provision and partnership working and will provide a focus for Welsh language cultural and social activities in Cardigan and the surrounding areas.

The college merged with the University of Wales Trinity Saint David as a subsidiary company on 1 January 2014 which has facilitated progression onto HE and provided more local and flexible HE opportunities for students.

Coleg Ceredigion is committed to Education for Sustainable Development and Global Citizenship (ESDGC) which develops people's skills to take action that improves our quality of life now and for future generations. Learners are involved in a variety of community and charity projects and work with local organisations in raising funds and awareness.

The college has a clear learner involvement strategy and most learners voice their opinions effectively through questionnaires, focus groups, course representatives' meetings and learner representation on the governing body.

Entrepreneurship education is embedded within the curriculum and learners benefit from a programme of activities led by the Head of Commercial Services and Enterprise. Work related experience opportunities and activities are provided for all of our learners on long (full time) courses. These include work placement, workshops, master-classes, talks from employers and Dynamo role models.

The college has excellent relationships with local employers many of which are SMEs and microbusinesses. There are no private large employers in the county with the largest employers being public sector based and including Bronglais Hospital, Ceredigion County Council and the college itself. The college has joined with the UWTSD group in the development of a Commercialisation Strategy for the group.

# Coleg Ceredigion

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

### PARTNERSHIP

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

From 1 January 2014, the College became part of the University of Wales: Trinity Saint David Group. As a result opportunities for learners have developed and the relationship will enable the sharing of resources, expertise and good practice. There will also be potential for efficiency gains.

The College is well represented on a range of national networks including the Qualifications Reform External Stakeholders Reference Group, Ceredigion Local Service Board and 14-19 Strategy Group, Colegau Cymru Board and associated Networks, "Growing Mid Wales", the SWWRLP and the Principal is also a member of the Teifi Valley Growth Zone group.

Good relationships exist between the college and the LEA as a body and individual secondary schools in Ceredigion and neighbouring counties.

### QUALITY AND STANDARDS

The College underwent its last Estyn Inspection in May 2014 which culminated in an extremely positive report.

Comments included:

...the college's success rate has remained in the top quarter of those of all colleges in Wales for the last two years.

The leadership team work well to implement the college's mission statement – Fulfilling Potential and Changing Lives. As a result staff have strong commitment to individual learners and many learners exceed their predicted targets. For example: all learners improve their bilingual skills; learners who had previously been home educated learn new life skills and are better able to manage their learning; and learners who have never considered themselves suitable for university move onto higher education programmes.

41% of full time respondents state that their course was better than they expected and this is five percentage points above the sector average. The most positive response in the learner voice survey is for the help and support learners receive at the college with 33% rating this as very good against a sector average of 33%.

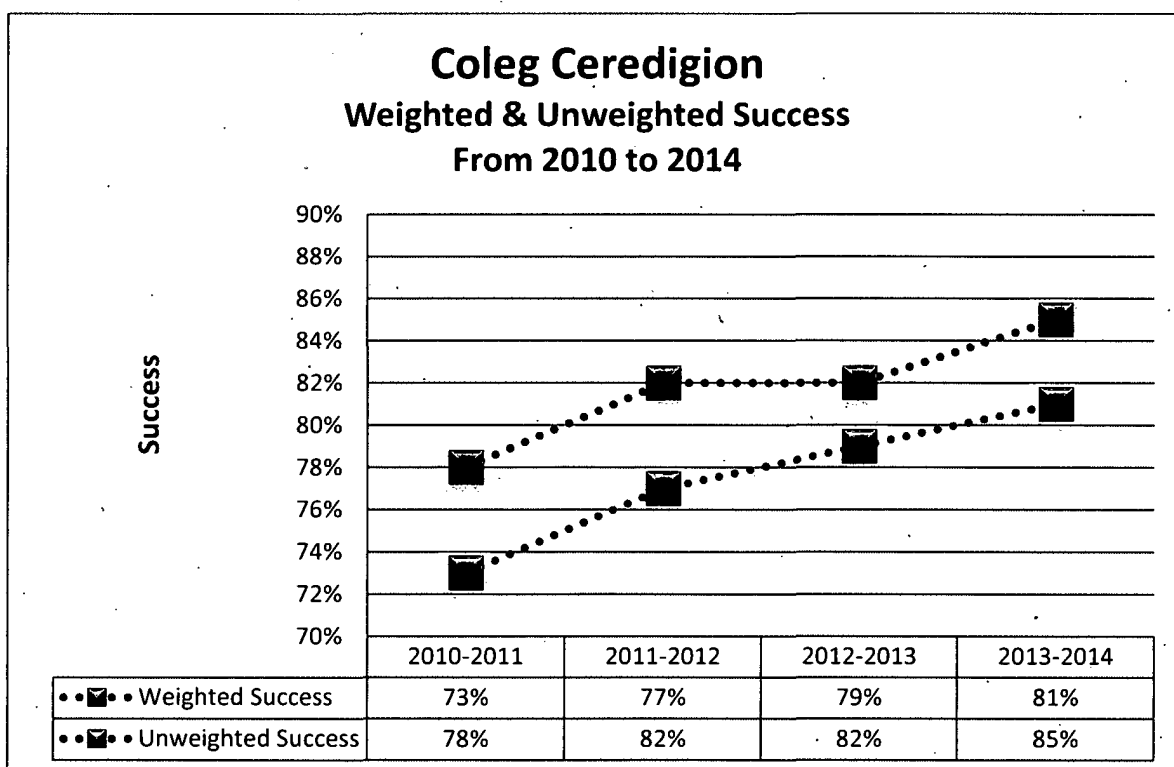
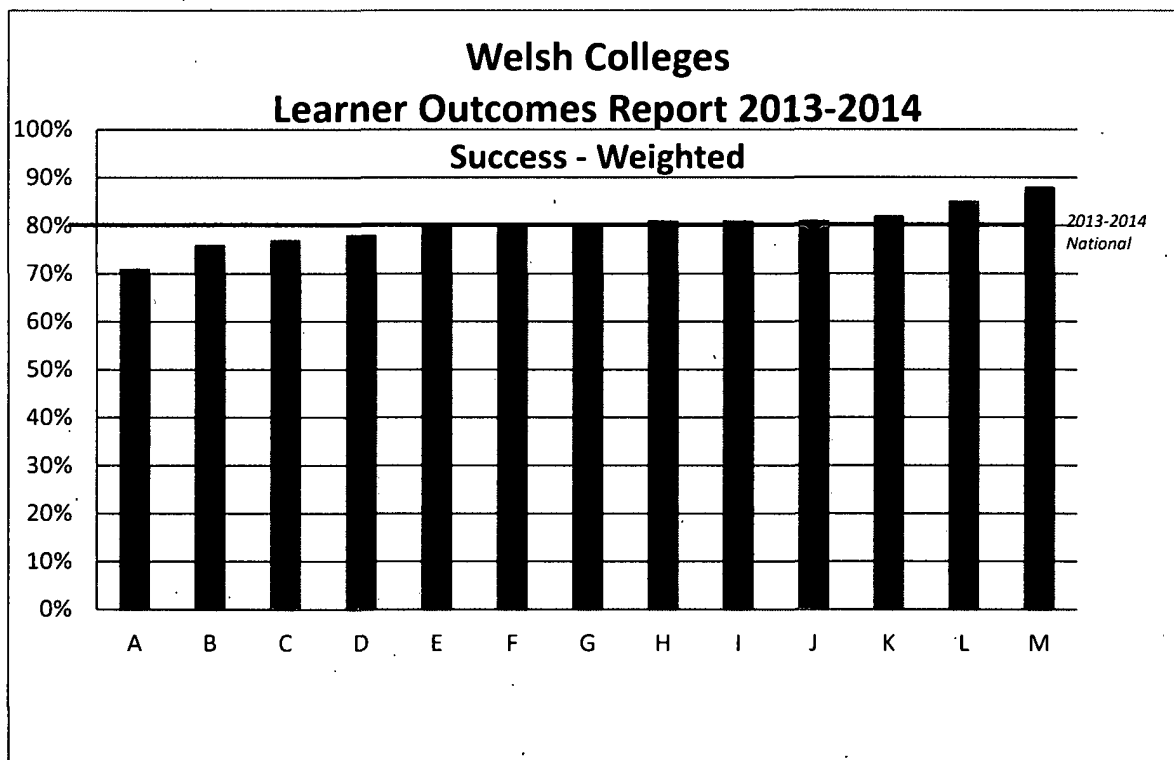
The college prepares learners for living and working in a bilingual community effectively. Learners are able to study in the Welsh language or bilingually as appropriate. Learners benefit from a wide range of enrichment activities to help them improve their Welsh language skills and their understanding of living in a bilingual country. Support through the medium of Welsh is well developed and effective. Learners at the college demonstrate a pride in their achievements in Welsh and gain confidence and fluency in the use of the Welsh language.

# Coleg Ceredigion

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

### PERFORMANCE MEASURES

The following charts indicate the college's position in the sector in relation to weighted success rate and illustrate trends in weighted and unweighted success rates over a four year period.



# Coleg Ceredigion

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

### QUALITY OF TEACHING AND LEARNING

The Estyn report in May 2014 noted that:

teachers are developing innovative ways of teaching, for example using QR codes to allow learners to access 'how to' videos in construction and motor vehicle studies

This is reflected in 81% of all teaching observations in 2013-14 being graded Good or Excellent. In line with good practice Coleg Ceredigion is moving towards a more comprehensive and holistic approach to assessing teaching and learning incorporating detailed review of the marking of literacy and numeracy, course management and the learner experience.

### LEARNER VOICE (FE)

The following charts record students' perceptions of the college experience and illustrates the high percentage of learner satisfaction as noted by Estyn.

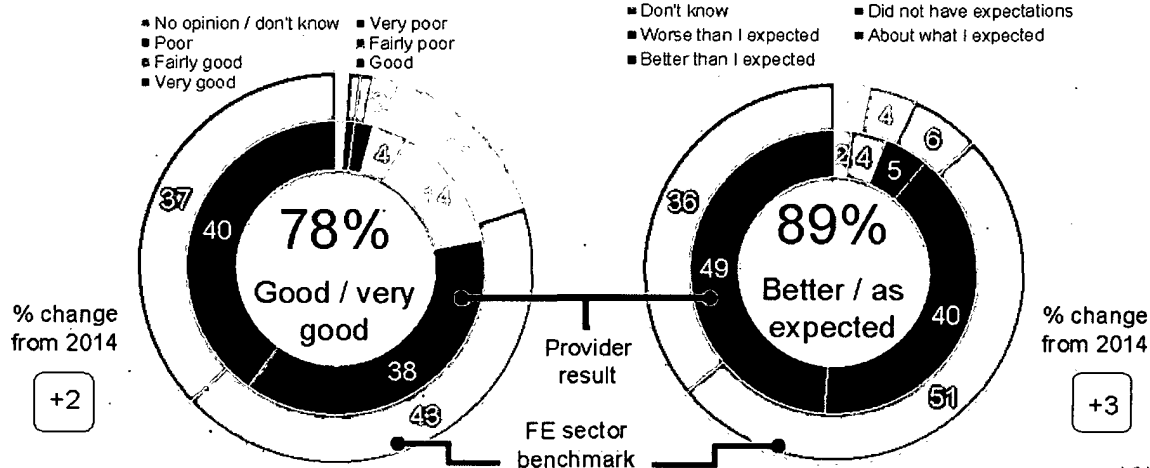
#### Learner satisfaction summary report Coleg Ceredigion



This report shows a summary of results from the third annual Learner Voice Wales survey, which took place in December 2014 – February 2015. A total of 61894 learners across Wales took part in the survey, including 418 learners from Coleg Ceredigion.

##### Q8. Could you now rate your college overall?

##### Q9. Is this course what you expected it to be?



Ipsos MORI  
Social Research Institute

Learner Voice Wales survey 2015. Fieldwork conducted Dec 1st – Feb 20th 2015. Base for Q8 418; for Q9 418. For ease of display, figures below 2% are not shown on the chart.



# Coleg Ceredigion

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

### Breakdown of learner satisfaction

66 Learner  
Voice  
Wales 79

These composite scores are calculated by combining answers to key themes in the survey

■ Very good ■ Good ■ Fairly good ■ Fairly poor ■ Poor ■ Very poor ■ Don't know

|                        |       | % 'very good' |    | Your % change from 2014 |
|------------------------|-------|---------------|----|-------------------------|
|                        |       | Your score    | FE |                         |
| Information and advice | (417) | 31            | 31 | +6                      |
| Help and support       | (418) | 41            | 37 | +7                      |
| Health and wellbeing   | (411) | 43            | 41 | +11                     |
| Responsive-ness        | (418) | 38            | 35 | +11                     |
| Teaching and training  | (653) | 43            | 46 | +3                      |

Learner Voice Wales survey 2015. Fieldwork conducted Dec 1st – Feb 20th 2015.

A total of 61894 took part in the survey, including learners in further education (34679), work-based learning, adult community learning and Welsh for Adults. A total of 418 took part from Coleg Ceredigion. The 'unweighted' base size for each composite score is shown in brackets. For ease of display, figures below 2% are not shown on the chart.

Ipsos MORI  
Social Research Institute

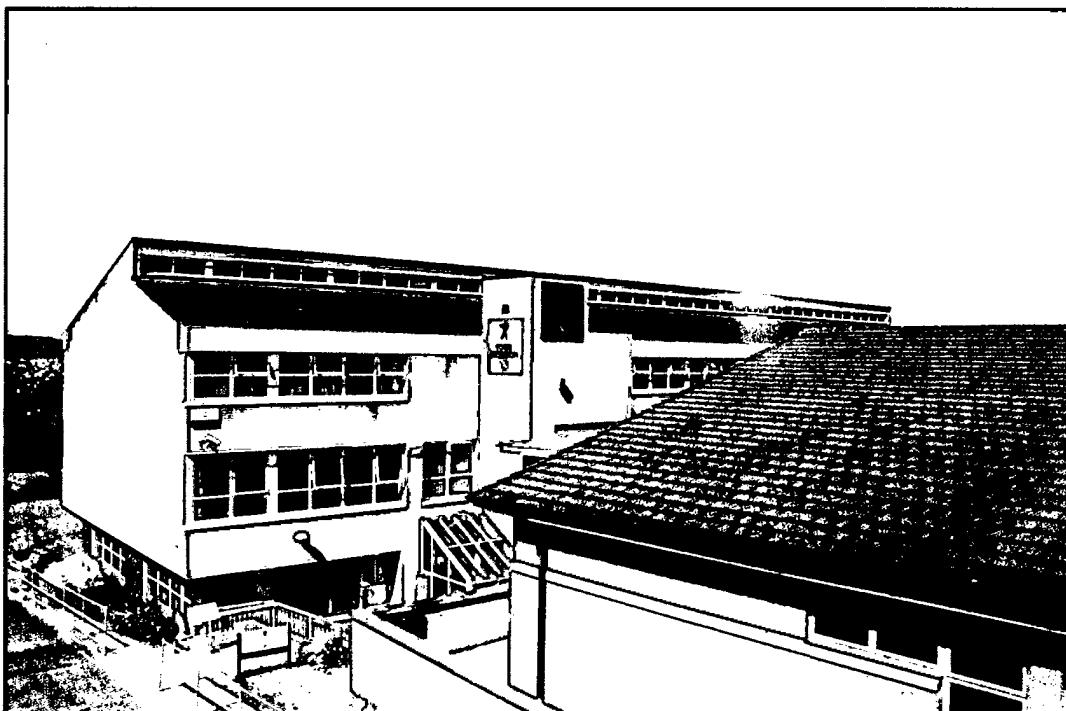


# Coleg Ceredigion

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

### ESTATES

There has been no capital development at the college during 2014-15. Both campuses will require upgrading over the next three to five years and also some investment in new build in order to accommodate new curriculum initiatives in line with Welsh Government priorities and to enable the development of progression routes. There are also some major repair works required to the roof of the Aberystwyth campus. As noted previously the college has secured a £300,000 capital grant to develop a new Welsh Language Centre at its Cardigan Campus. Building work will commence in October 2015.



Coleg Ceredigion Aberystwyth Campus



Coleg Ceredigion Cardigan Campus

# Coleg Ceredigion

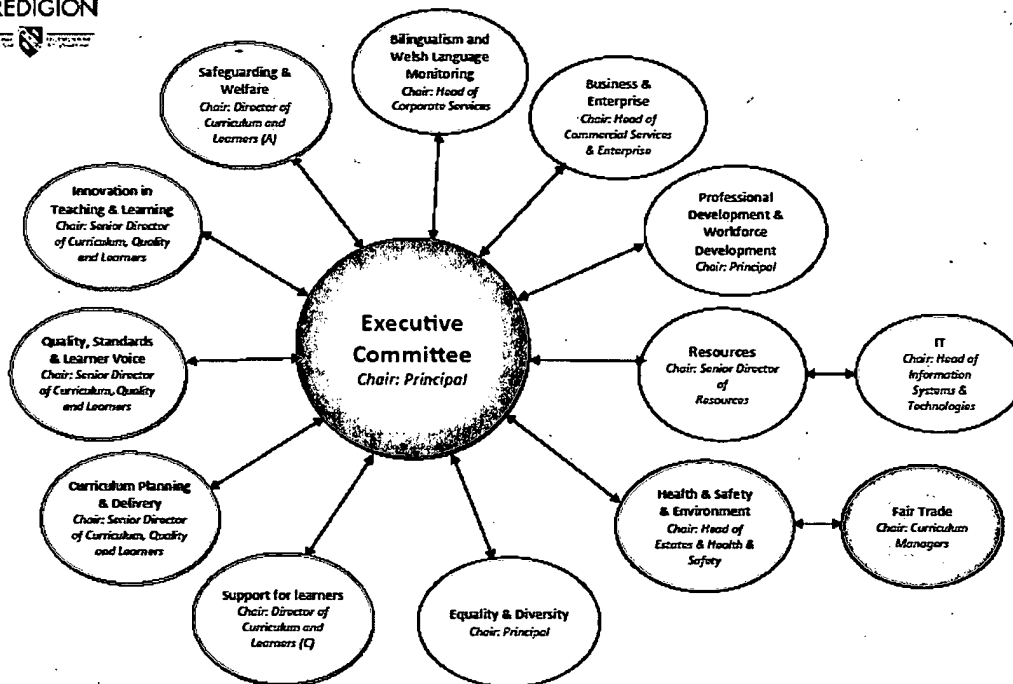
## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2015 (continued)

### STAFF AND STUDENT INVOLVEMENT

Staff and students are involved in the annual review and setting of the Mission, Aims and Key Objectives of the college in meetings lead by the Principal. All staff and students are actively encouraged to comment on the work of the college through their Line Managers, Student and Staff Focus Groups and directly to the Principal. Formal communication channels and committee structures are as shown on the following chart.



Committee Structure 2015-16



### REVIEW OF PRINCIPAL RISKS AND UNCERTAINTIES

The Risk Management Action Plan has been developed in order to manage and reduce the impact and likelihood of the risks listed in the register. Progress in relation to the achievement of the Action Plan is monitored by the Executive half termly and at the Audit Sub-Committee of the Governing Body at each of its meetings.

All changes and updates to the Register and Action Plan are considered by the Audit Committee prior to being presented to the Board of Governors for approval unless meeting schedules do not allow and it is necessary to report a matter directly to the Board because of an accelerated risk level. An additional column is added to the Action Plan for the purpose of reporting updates.

The effectiveness of the Risk Register is dependent on the staff and managers of the college taking ownership of the individual risks and associated actions. Training on risk for all staff took place in June 2014 in order to embed and consolidate risk awareness into the fabric of the institution. Further training is planned in the 2015/16 academic year.

# Coleg Ceredigion

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

### RISKS

The key risks to the college as listed in the Risk Register are:

- Not meeting legislative requirements
- Failure to collaborate effectively
- Failure to provide high quality Teaching and Learning
- Not recruiting and retaining sufficient students
- Failure to recruit or utilise appropriately skilled staff
- Failure of the college's IT systems
- Fire or other disaster which affects part or whole of one of the college's campuses
- Failure to achieve funding targets
- Failure to increase non DfES funding
- Insufficient funds and reserves to maintain facilities and provision

Mitigation of risks is detailed within the full Risk Register.

This report was approved by the board and was signed on its behalf by the board by:

Signature.....

*Allian Coleman*

Date.....

*1/12/15*

Director



# Coleg Ceredigion

## DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2015

The directors present their report and the audited financial statements of the Company for the year ended 31 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 page 2.

### Dividends

The company is limited by guarantee. No dividends have been paid or are recommended for the year ended 31<sup>st</sup> July 2015.

### Professional advisers

|                                 |   |  |
|---------------------------------|---|--|
| Independent auditors (External) | - | PricewaterhouseCoopers LLP, Llys Tawe, Kings Road, Swansea Waterfront, Swansea, SA1 8PG                              |
| Auditors (Internal)             | - | Baker Tilly Services Limited, Suite 205, Regus House, Malthouse Avenue, Cardiff Gate Business Park, Cardiff CF23 8RU |
| Bankers                         | - | Barclays Bank PLC, 1-6 Pockets Wharf, East Burrows Road, Maritime Quarter, Swansea, SA1 3XL                          |
| Solicitors                      | - | Blake Morgan LLP, Bradley Court, Park Place, Cardiff CF10 3DR  |

### 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:

Ms Allison Coleman \*# (Chair – re-appointed 8th October 2014)  
Ms Avril Jones \*#  
Mr Kevin Bryan \*#  
Mr Gareth Harries \*# (resigned 8<sup>th</sup> October 2014)  
Mr Keith Henson \*#  
Mrs Irfana Jones \*#  
Miss Mared Jones \*#  
Miss Llinos Price \*  
Ms Sian Wyn Siencyn \*# (resigned 22nd June 2015)  
Ms Maria Stedman\*# (appointed 20<sup>th</sup> December 2014)  
Mr David Willcox \*#  
Mrs Jacqui Weatherburn #

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

# **Coleg Ceredigion**

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

### **Payment Performance**

The College's policy on the payment of creditors is to abide by the terms of payment of suppliers. This policy will also apply in the 2015-16 financial year. This policy is implemented through the preparation of a main payment cycle for the calendar month-end with subsequent payment runs being prepared during the month to comply with payment terms.

The number of days represented by trade creditors falling due for payment within one year at the year end, compared to the total amounts invoiced to suppliers during the year, was 14 days (2014: 18.9 days).

### **Equality of Opportunity**

Coleg Ceredigion is committed to the principle of equality of opportunity for all people who apply to the College, who study or work at the College or who are associated with or served by the College. Coleg Ceredigion will endeavour to eliminate unlawful discrimination from the College and to ensure that no applicant, student, employee or visitor receives less favourable treatment, without proper justification, on the grounds of age, colour, disability, ethnic or national origin, gender, sexual orientation, marital status, nationality, race, religion, offending background, socio-economic background or trade union membership activities or non-membership. The College has an Equality and Diversity Strategic Plan, copies of which are readily available to staff, students and the public. The College has an Equality and Diversity Committee which is a sub-committee of the Executive Committee. In 2015/16 the college will work alongside UWTSD in the preparation of a group Strategic Equality Plan.

### **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 Welsh Government 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 year 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.

# Coleg Ceredigion

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

### 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 *1st December* and was signed on behalf of the Board by:

Director  
Date:

*Allison Colman*  
*1/12/15*

# **Coleg Ceredigion**

## **CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

Coleg Ceredigion is committed to exhibiting best practice in all aspects of corporate governance.

This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code 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 College complies with all the provisions of the 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 signing the financial statements.

### **The Board of Directors**

The Company Board of Directors are listed on page 15. 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 College 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 at least six 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 the Audit and Risk Committee, the Curriculum and Standards Committee, the Finance and General Purposes Committee and the Search Committee. Full minutes of all meetings, except those deemed to be confidential by the Board, are available from the Clerk to the Board, who is based at the Cardigan Campus.

All directors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk to the Board are matters for the Board as a whole.

Formal agendas, papers and reports are supplied to directors in a timely manner, prior to Board meetings.

The Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board 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 judgment.

There is a clear division of responsibility in that the roles of the Chair and Principal 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 Board has a Search Committee, comprised of the Chairs of all Sub-Committees, the Chair and Vice Chair of the Board and the Principal, which 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.

Members of the Board are appointed for a term of office not exceeding four years.

# **Coleg Ceredigion**

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

### **Audit and Risk Committee**

The Audit and Risk Committee comprises up to four members of the Board of Directors (excluding the Chair and Principal). The committee operates in accordance with written terms of reference approved by the Board.

The Audit and Risk Committee meets at least three times a year and provides a forum for reporting by the College's internal and external auditors, who have access to the committee for independent discussion, without the presence of College management. The committee also receives and considers reports from the Welsh Government as they affect the College's business.

The college'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 and Risk Committee.

Management are 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 Committee also advises the Board of Directors on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

### **Internal Control**

#### ***Scope of Responsibility***

The Board is ultimately responsible for the College'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 mis-statement or loss.

The Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Principal is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the Welsh Government and Coleg Ceredigion. The Principal is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

#### ***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 on-going 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 Ceredigion for the year ended 31 July 2015 and up to the date of approval of the annual report and financial statements.

# Coleg Ceredigion

## CORPORATE GOVERNANCE STATEMENT (continued)

### *Capacity to handle risk*

The Board has reviewed the key risks to which the College 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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ended 31 July 2015 and up to the date of approval of the annual report and financial statements.

### *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 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.

Coleg Ceredigion has an internal audit service which operates in accordance with the requirements of the Welsh Government. 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. As a minimum annually, the head of internal audit provides the Board with a report on internal audit activity in the College.

The internal audit plans are endorsed by the Board based on the recommendation of the Audit Committee. The report includes the head of internal audit's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### *Review of effectiveness*

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The 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 College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's external auditors and Welsh Government auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit and Risk Committee, which oversees the work of the internal auditor, and plans to address weaknesses and ensure continuous improvement of the system are in place. The Executive Committee receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention.

The Audit and Risk Committee receives regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high level review of the arrangements for internal control.

Based on advice of the Audit and Risk 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'.

# Coleg Ceredigion

## CORPORATE GOVERNANCE STATEMENT (continued)

### Statement on regularity, propriety and compliance

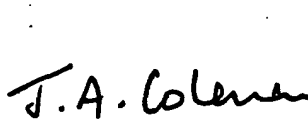
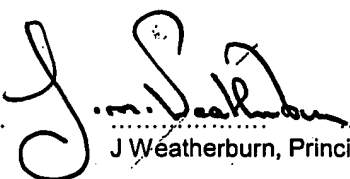
The Directors have considered their responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with Welsh Government terms and conditions of funding, under the financial memorandum in place between the Company and the Welsh Government. As part of its consideration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

We confirm, on behalf of the Company that, after due enquiry, 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 funding agreement. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Welsh Government. If any instances are identified after the date of this statement these will be identified to the Welsh Government.

### Going Concern

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

Approved by the Board and signed on behalf of the Board by:

|   |  |
|---|--|
|  |  |
| J.A. Coleman, Chair   | J Weatherburn, Principal   |
| 1/12/15   | 1/12/15  |
| Date  | Date   |

# Coleg Ceredigion

## INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF COLEG CEREDIGION (THE "INSTITUTION")

### Report on the financial statements

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#### Our opinion

In our opinion:

- Coleg Ceredigion's financial statements (the "financial statements") give a true and fair view of the state of the institution's affairs as at 31 July 2015, and of its income and expenditure, recognised gains and losses and cash flows for the year 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.

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#### What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 July 2015;
- the Income and Expenditure Account for the year then ended;
- the Statement of Historical Costs surpluses and deficits for the year then ended;
- the Statement of Total Recognised Gains and Losses for the year then ended;
- the cash flow statement for the year then ended;
- the statement of principal 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.

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#### 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.

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#### 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.

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#### 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 institution, or returns adequate for our audit have not been received from branches not visited by us; or
- the institution financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



# Coleg Ceredigion

## INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF COLEG CEREDIGION (THE "INSTITUTION") (continued)

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### 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.

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the Corporation

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, 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 & 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.

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

We conducted our audit in accordance with ISAs (UK and 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 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

17 December 2015

The maintenance and integrity of Coleg Ceredigion 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 Ceredigion

## Income and expenditure account for the year ended 31 July 2015

|  | Note | 2015<br>£000 | 2014<br>£000 |
|--|------|--------------|--------------|
| <b>Income</b>  |      |              |              |
| Funding body grants  | 1    | 4,321        | 4,786        |
| Tuition fees and education contracts                         | 2    | 505          | 498          |
| Other income   | 3    | 348          | 321          |
| Endowment and investment income                              | 4    | 92           | 28           |
| <b>Total income</b>  |      | <b>5,266</b> | <b>5,633</b> |
| <b>Expenditure</b>   |      |              |              |
| Staff costs  | 5    | 4,340        | 4,076        |
| Other operating expenses                                     | 7    | 1,161        | 1,482        |
| Depreciation   | 10   | 272          | 271          |
| Interest and other finance costs                             | 9    | -            | -            |
| <b>Total expenditure</b>                                     |      | <b>5,773</b> | <b>5,829</b> |
| <b>Deficit before exceptional items</b>                      |      | <b>(507)</b> | <b>(196)</b> |
| <b>Exceptional Items: continuing operations</b>              |      |              |              |
| Disposals of fixed assets                                    | 8    | -            | 117          |
| <b>Deficit for the year retained within general reserves</b> | 16   | <b>(507)</b> | <b>(79)</b>  |

The income and expenditure account is in respect of continuing activities.

# Coleg Ceredigion

## Statement of historical cost surpluses and deficits for the year ended 31 July 2015

|  | Note | 2015<br>£000 | 2014<br>£000 |
|--|------|--------------|--------------|
| Deficit on continuing operations after depreciation of assets at valuation and disposal of assets and taxation       |      | (507)        | (79)         |
| Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount | 15   | 43           | 43           |
| <b>Historical cost deficit for the year before and after taxation</b>  |      | <b>(464)</b> | <b>(36)</b>  |

## Statement of total recognised gains and losses for the year ended 31 July 2015

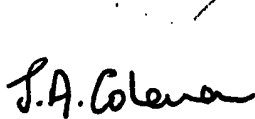
|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Deficit on continuing operations after depreciation of assets at valuation | (507)        | (79)         |
| Actuarial (loss)/gain for the year in respect of the pension scheme        | (301)        | 619          |
| <b>Total recognised (losses)/gains relating to the year</b>                | <b>(808)</b> | <b>540</b>   |

# Coleg Ceredigion

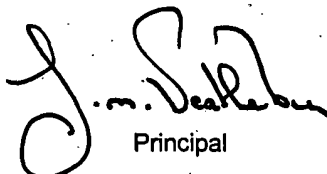
## Balance sheet as at 31 July 2015

|  | Note | 2015<br>£000 | 2014<br>£000 |
|--|------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |
| Tangible assets  | 10   | 4,617        | 4,781        |
| <b>Current assets</b>  |      |              |              |
| Stock  |      | 9            | 8            |
| Debtors  | 11   | 237          | 279          |
| Cash at bank and in hand                                     |      | 595          | 861          |
|  |      | 841          | 1,148        |
| <b>Less: Creditors - amounts falling due within one year</b> | 12   | (470)        | (338)        |
| <b>Net current assets</b>                                    |      | 371          | 810          |
| <b>Total assets less current liabilities</b>                 |      | 4,988        | 5,591        |
| Less: Provisions for liabilities                             | 13   | (425)        | (408)        |
| <b>Net assets excluding pension liability</b>                |      | 4,563        | 5,183        |
| Net pension liability  | 21   | (983)        | (714)        |
| <b>Net assets including pension liability</b>                |      | 3,580        | 4,469        |
| <b>Deferred capital grants</b>                               | 14   | 1,640        | 1,721        |
| <b>Reserves</b>  |      |              |              |
| Income and expenditure account excluding pension reserve     | 16   | 1,512        | 2,008        |
| Pension reserve  | 16   | (983)        | (714)        |
| Income and expenditure account including pension reserve     | 16   | 529          | 1,294        |
| Revaluation reserve  | 15   | 1,411        | 1,454        |
| <b>Total reserves</b>  |      | 1,940        | 2,748        |
| <b>Total funds</b>   |      | 3,580        | 4,469        |

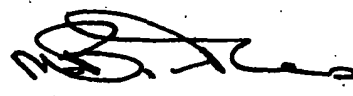
The financial statements on pages 24 to 42 were approved by the Board of Directors on 1 DECEMBER 2015 and were signed on behalf of the Board by:

  
Chair

A Coleman

  
Principal

J Weatherburn

  
Head of Finance

M Birtles

# Coleg Ceredigion

## Cash flow statement for the year ended 31 July 2015

|   | Note | 2015<br>£000 | 2014<br>£000 |
|---|------|--------------|--------------|
| Net cash outflow from operating activities      | 17   | (199)        | (72)         |
| Returns on investments and servicing of finance | 18   | 1            | 2            |
| Capital expenditure                             | 19   | (68)         | 145          |
| <b>(Decrease)/increase in cash in the year</b>  | 20   | <b>(266)</b> | <b>75</b>    |

## Reconciliation of net cash flow to movement in net funds

|   |    | 2015<br>£000 | 2014<br>£000 |
|---|----|--------------|--------------|
| (Decrease)/Increase in cash in the year (movement in net funds) |    | (266)        | 75           |
| Net funds at 1 August   |    | 861          | 786          |
| <b>Net funds at 31 July</b>                                     | 20 | <b>595</b>   | <b>861</b>   |

# Coleg Ceredigion

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### 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 Ceredigion further education corporation were transferred at net book value for £Nil consideration to Coleg Ceredigion (a company limited by guarantee) on 1 January 2014. 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 has therefore applied merger accounting rules and presented the financial statements retrospectively from the start of the business combination period.

### Recognition of income

The recurrent grants from WG represent the funding allocations attributable to the current financial year and are credited directly 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 WG 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 tuition fees is recognised in the year 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.

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.

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

### Maintenance of premises

The College has a planned maintenance programme, which forms the basis of the ongoing maintenance of the estate. The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

# Coleg Ceredigion

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

### Tangible fixed assets

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

#### (a) Land and buildings

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost. Land and buildings acquired since incorporation are included in the balance sheet at cost.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful life to the College of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. Improvements to land and buildings and other minor works are capitalised and depreciated over a 10 year period.

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.

On adoption of FRS15, 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 revaluation of these properties in the future. These values are retained subject to the requirement to test assets for impairment, in accordance with FRS11.

#### (b) Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. No value has been attached to equipment inherited from the Local Education Authority.

Equipment is depreciated over its useful life as follows:

|                                      |                               |
|--------------------------------------|-------------------------------|
| Motor vehicles and general equipment | 20% per annum straight line   |
| Computer equipment                   | 33.3% per annum straight line |

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.

### Leased assets

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

Lease 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. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

# **Coleg Ceredigion**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)**

### **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.

### **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 are determined by qualified actuaries on the basis of triennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and contributions are recognised as they are paid each year.

The assets of the LGPS are measured using closing market 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 income and expenditure account. The expected return on the scheme's assets and the increase during the year 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 Skills Funding Agency.

### **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.

### **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 institution 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.

### **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 the Welsh Assembly Government and subsequent disbursements to students and institutions are excluded from the income and expenditure account and are shown separately in note 25.



# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 1 Funding Body grants

|                                     | 2015<br>£000 | 2014<br>£000 |
|-------------------------------------|--------------|--------------|
| <b>Welsh Government grants</b>      |              |              |
| Recurrent grant                     | 3,873        | 3,994        |
| Work based learning (WBL)           | 192          | 245          |
| Releases of deferred capital grant: |              |              |
| Land and buildings (see note 14)    | 89           | 83           |
| Equipment (see note 14)             | 16           | 11           |
| Other WG grants                     | 151          | 453          |
|                                     | <b>4,321</b> | <b>4,786</b> |

### 2 Tuition fees and education contracts

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| UK Further Education students                          | 124          | 125          |
| UK Higher Education students                           | 18           | 34           |
| Total fees paid by or on behalf of individual students | 142          | 159          |
| HE education contracts                                 | 8            | 12           |
| Other education contracts                              | 355          | 327          |
|  | <b>505</b>   | <b>498</b>   |

### 3 Other income

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| Residences, catering and conferences                      | 165          | 175          |
| Other income-generating activities                        | 83           | 73           |
| Other income  | 84           | 56           |
| Release of deferred capital grants (non-WG) (see note 14) | 16           | 17           |
|   | <b>348</b>   | <b>321</b>   |

### 4 Endowment and investment income

|                                      | 2015<br>£000 | 2014<br>£000 |
|--------------------------------------|--------------|--------------|
| Bank interest receivable             | 1            | 2            |
| Pension finance income (see note 21) | 91           | 26           |
|                                      | <b>92</b>    | <b>28</b>    |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 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<br>Number | 2014<br>Number |
|-------------------------------------|----------------|----------------|
| Teaching departments                | 71             | 75             |
| Teaching support services           | 15             | 16             |
| Other support services              | 6              | 6              |
| Administration and central services | 28             | 27             |
| General education                   | 1              | 1              |
| Premises                            | 10             | 6              |
| Catering and residences             | 5              | 5              |
|                                     | <b>136</b>     | <b>136</b>     |

Staff costs for the above persons were:

|                                 | 2015<br>£000 | 2014<br>£000 |
|---------------------------------|--------------|--------------|
| Wages and salaries              | 3,431        | 3,368        |
| Social security costs           | 213          | 220          |
| Other pension costs             |              |              |
| Contributions paid              | 452          | 419          |
| FRS17 adjustments (see note 21) | 59           | 64           |
| Staff restructuring costs       | 185          | 5            |
|                                 | <b>4,340</b> | <b>4,076</b> |

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| Teaching departments                            | 2,388        | 2,396        |
| Teaching support services                       | 355          | 357          |
| Other support services                          | 130          | 113          |
| Administration and central services             | 915          | 890          |
| General education                               | 27           | 26           |
| Premises  | 180          | 120          |
| Other income generating activities              | -            | 9            |
| Catering and residences                         | 101          | 96           |
| Staff restructuring costs                       | 185          | 5            |
| FRS 17 adjustment - pension costs (see note 21) | 59           | 64           |
|   | <b>4,340</b> | <b>4,076</b> |

The early retirement and restructuring costs were approved by the Board of Directors.

The number of staff, including senior post holders, who received emoluments in the following ranges was:

|                   | 2015<br>Number | 2014<br>Number |
|-------------------|----------------|----------------|
| £60,001 - £70,000 | 1              | 1              |
| £80,001 - £90,000 | 1              | 1              |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 6 Senior post-holders' emoluments

|   | 2015<br>Number | 2014<br>Number |
|---|----------------|----------------|
| The number of senior post-holders, including the Principal, was | 1              | 1              |

Senior post-holders' emoluments and higher paid employees are made up as follows:

|                       | 2015<br>£ | 2014<br>£ |
|-----------------------|-----------|-----------|
| Salaries              | 131,793   | 130,485   |
| Benefits in kind      | 842       | 600       |
|                       | 132,635   | 131,085   |
| Pension contributions | 18,583    | 18,398    |
|                       | 151,218   | 149,483   |

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

|                       | 2015<br>£ | 2014<br>£ |
|-----------------------|-----------|-----------|
| Salary                | 76,443    | 75,684    |
| Benefits in kind      | 842       | 600       |
|                       | 77,285    | 76,284    |
| Pension contributions | 10,779    | 10,671    |
|                       | 88,064    | 86,955    |

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

The Members of the Board of Directors, 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.

No costs were incurred during 2014/15 (2013/14: £Nil) in respect of overseas activities.

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 7 Other operating expenses

|                                     | 2015<br>£000 | 2014<br>£000 |
|-------------------------------------|--------------|--------------|
| Teaching departments                | 182          | 197          |
| Teaching support services           | 251          | 285          |
| Other support services              | 31           | 30           |
| Administration and central services | 315          | 510          |
| General education                   | 32           | 31           |
| Premises                            | 174          | 255          |
| Planned maintenance                 | 85           | 59           |
| Other income generating activities  | 7            | 15           |
| Catering and residences             | 84           | 100          |
|                                     | <b>1,161</b> | <b>1,482</b> |

Other operating expenses include:

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| Auditors' remuneration:                                   |              |              |
| External audit  | 11           | 11           |
| Internal audit  | 11           | 10           |
| Other services from external auditors – regulatory audits | 5            | 5            |
| Hire of assets – operating leases                         | 20           | 20           |

### 8 Disposal of fixed assets

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| Profit on sale of Terrace Road, Aberystwyth | -            | 117          |

### 9 Interest and other finance cost

|                                     | 2015<br>£000 | 2014<br>£000 |
|-------------------------------------|--------------|--------------|
| Pension finance costs (see note 21) | -            | -            |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 10 Tangible fixed assets

|                                 | Freehold<br>land and<br>buildings<br>£000 | Equipment<br>£000 | Total<br>£000 |
|---------------------------------|---|-------------------|---------------|
| <b>Cost or valuation</b>        |   |                   |               |
| At 1 August 2014                | 7,091                                     | 2,684             | 9,775         |
| Additions                       | 26  | 82                | 108           |
| Disposals                       | -   | -                 | -             |
| <b>At 31 July 2015</b>          | <b>7,117</b>                              | <b>2,766</b>      | <b>9,883</b>  |
| <b>Accumulated depreciation</b> |   |                   |               |
| At 1 August 2014                | 2,436                                     | 2,558             | 4,994         |
| Charge for the year             | 215                                       | 57                | 272           |
| Eliminated on disposal          | -   | -                 | -             |
| <b>At 31 July 2015</b>          | <b>2,651</b>                              | <b>2,615</b>      | <b>5,266</b>  |
| <b>Net book value</b>           |   |                   |               |
| <b>At 31 July 2015</b>          | <b>4,466</b>                              | <b>151</b>        | <b>4,617</b>  |
| At 31 July 2014                 | 4,655                                     | 126               | 4,781         |
| Inherited                       | 1,412                                     | -                 | 1,412         |
| Financed by capital grants      | 1,570                                     | 70                | 1,640         |
| Other                           | 1,484                                     | 81                | 1,565         |
|                                 | <b>4,466</b>                              | <b>151</b>        | <b>4,617</b>  |

The transitional rules set out in FRS15: Tangible fixed assets, were applied on implementing FRS15. Accordingly, the book values at implementation were retained with no subsequent revaluations (see page 29).

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Dyfed County Council Estates Department on 12 March 1993. No value has been attached to other tangible fixed assets inherited from the Local Education Authority as the majority have exceeded their useful lives.

Land and buildings with a net book value of £1,412,000 have been funded from Local Education Authority sources. Should these assets be sold, the College would either have to surrender the proceeds to WG or use them in accordance with the Financial Memorandum with WG.

### 11 Debtors

|                                | 2015<br>£000 | 2014<br>£000 |
|--------------------------------|--------------|--------------|
| Trade debtors                  | 140          | 98           |
| Prepayments and accrued income | 97           | 181          |
|                                | <b>237</b>   | <b>279</b>   |

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

|                                    | 2015<br>£000 | 2014<br>£000 |
|------------------------------------|--------------|--------------|
| Payments received in advance       | 5            | -            |
| Trade creditors                    | 50           | 62           |
| Other taxation and social security | 124          | 121          |
| Other creditors                    | 7            | 15           |
| Accruals and deferred income       | 284          | 140          |
|                                    | <b>470</b>   | <b>338</b>   |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 13 Provisions for liabilities

|                        | Accrued<br>pension<br>enhancement<br>£000 |
|------------------------|---|
| At 1 August 2014       | 408                                       |
| Utilised in the year   | (31)                                      |
| Charge for the year    | 48  |
| <b>At 31 July 2015</b> | <b>425</b>                                |

The provision for pensions represents the cost of providing pensions, in excess of those provided by the LGPS and TPS, for employees who have taken early retirement. The provision for pension contributions includes £98,000 (2014: £99,000) in respect of enhanced pensions payable to former senior post-holders.

### 14 Deferred capital grants

|  | WG<br>£000   | Others<br>£000 | Total<br>£000 |
|--|--------------|----------------|---------------|
| At 1 August 2014                           |              |                |               |
| Land and buildings                         | 1,119        | 556            | 1,675         |
| Equipment                                  | 46           | -              | 46            |
| Cash received                              |              |                |               |
| Land and buildings                         | -            | -              | -             |
| Equipment                                  | -            | 40             | 40            |
| Released to income and expenditure account |              |                |               |
| Land and buildings                         | 89           | 16             | 105           |
| Equipment                                  | 16           | -              | 16            |
| <b>At 31 July 2015</b>                     |              |                |               |
| Land and buildings                         | 1,030        | 540            | 1,570         |
| Equipment                                  | 30           | 40             | 70            |
|  | <b>1,060</b> | <b>580</b>     | <b>1,640</b>  |

### 15 Revaluation reserve

|                                    | 2015<br>£000 | 2014<br>£000 |
|------------------------------------|--------------|--------------|
| At 1 August                        | 1,454        | 1,497        |
| Transfer to income and expenditure | (43)         | (43)         |
| <b>At 31 July</b>                  | <b>1,411</b> | <b>1,454</b> |

### 16 Income and expenditure account reserve

|   | 2015<br>£000         | 2014<br>£000         |
|---|----------------------|----------------------|
| Balance at 1 August   | 1,294                | 711                  |
| Deficit for the year  | (507)                | (79)                 |
| Actuarial (loss)/gain for the year                            | (301)                | 619                  |
| Transfer from revaluation reserve                             | 43                   | 43                   |
| <b>Balance at 31 July</b>                                     | <b>529</b>           | <b>1,294</b>         |
|   | <b>2015<br/>£000</b> | <b>2014<br/>£000</b> |
| Income and expenditure account before pension liability       | 1,512                | 2,008                |
| Pension liability   | (983)                | (714)                |
| <b>Income and expenditure account after pension liability</b> | <b>529</b>           | <b>1,294</b>         |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 17 Reconciliation of operating deficit to net cash flow from operating activities

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Operating deficit                          | (507)        | (196)        |
| Depreciation                               | 272          | 271          |
| Deferred capital grants release            | (121)        | (111)        |
| Interest receivable                        | (92)         | (28)         |
| Interest payable                           | -            | -            |
| Decrease in stocks                         | 1            | 3            |
| Decrease in debtors                        | 42           | 52           |
| Increase/(decrease) in creditors           | 132          | (79)         |
| Increase/(decrease) in provisions          | 17           | (48)         |
| Pension cost less contributions payable    | 57           | 64           |
| Net cash outflow from operating activities | (199)        | (72)         |

### 18 Returns on investments and servicing of finance

|                   | 2015<br>£000 | 2014<br>£000 |
|-------------------|--------------|--------------|
| Interest received | 1            | 2            |
|                   | 1            | 2            |

### 19 Capital expenditure

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| Payments to purchase tangible assets      | (108)        | (248)        |
| Receipts from sale of fixed assets        | -            | 210          |
| Deferred capital grants received          | 40           | 183          |
| Net cash outflow from capital expenditure | (68)         | 145          |

### 20 Analysis of changes in net funds

|                          | 1 August<br>2014<br>£000 | Cash flows<br>£000 | 31 July<br>2015<br>£000 |
|--------------------------|--------------------------|--------------------|-------------------------|
| Cash in hand and at bank | 861                      | (266)              | 595                     |

### 21 Pensions and similar obligations

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

#### Teachers Superannuation Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities (LAs), to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers or lecturers and from 1 January 2007 automatic too for teachers or lecturers in part-time employment following appointment or a change of contract. Teachers are able to opt out of the TPS.

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 21 Pensions and similar obligations (continued)

#### THE TEACHERS' PENSION ACCOUNT

Although teachers are employed by LAs and various other bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

#### 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 contrition payable to 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<br>Valuation | 2004<br>Valuation |
|---|-------------------|-------------------|
| Discount rate:                                      |                   |                   |
| Real  | 3.00%             | 3.50%             |
| Nominal   | 5.06%             | 6.50%             |
| Pension increases                                   | 2.00%             | 2.90%             |
| Long term salary growth<br>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.

It is not possible to identify each institution's share of the underlying assets and liabilities of the TSS. As a result, the scheme is treated as a defined contribution scheme in accordance with the requirements of Financial Reporting Standard 17.

The College contributed £269,497 (2014: £239,731) to the TPS during the year. The estimated value of employer contributions for the year ending 31 July 2016 is £269,334.

#### Local Government Pension Scheme (LGPS)

The pension costs in respect of the LGPS, a defined benefit scheme which is externally funded, are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of this scheme was at 31 March 2013.



# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 21 Pensions and similar obligations (continued)

#### Local Government Pension Scheme (LGPS) (continued)

The market value of the scheme's assets at the date of the valuation was £1.581 million. The overall funding level was 89%.

The pension contribution paid in the year amounted to £184,000 (2014: £170,000). This represents a contribution rate of 14.7% which increased to 15.2% from 1 April 2015 (2014:14.7%).

In accordance with the requirements of Financial Reporting Standard 17 (FRS17), a qualified independent actuary updated the results of the March 2013 valuation in order to ascertain the valuation of the scheme (based on the requirements of FRS17) as at 31 July 2015. The projected unit method was adopted and the major assumptions used by the actuary in relation to the FRS17 disclosures were:

| <b>Mortality</b>                        | <b>2015<br/>Years</b>   | <b>2014<br/>Years</b>   |
|---|-------------------------|-------------------------|
| Retiring today – males                  | <b>23.3</b>             | 23.2                    |
| Retiring today – females                | <b>25.8</b>             | 25.7                    |
| Retiring in 20 years time – males       | <b>25.5</b>             | 25.4                    |
| Retiring in 20 years time – females     | <b>28.1</b>             | 28.0                    |
|   | <b>31 July<br/>2015</b> | <b>31 July<br/>2014</b> |
| Rate of increase in salaries            | <b>3.70%</b>            | 3.80%                   |
| Rate of increase in pensions in payment | <b>2.20%</b>            | 2.30%                   |
| Inflation assumption                    |                         |                         |
| RPI                                     | -                       | -                       |
| CPI                                     | <b>2.25%</b>            | 2.30%                   |
| Discount rate                           | <b>3.80%</b>            | 4.30%                   |

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

|                     | <b>Long-term<br/>rate<br/>of return<br/>expected<br/>at 31 July<br/>2015<br/>%</b> | <b>Valuation<br/>at 31 July<br/>2015<br/>£000</b> | <b>Long-term<br/>rate<br/>of return<br/>expected<br/>at 31 July<br/>2014<br/>%</b> | <b>Valuation<br/>at 31 July<br/>2014<br/>£000</b> | <b>Long-term<br/>rate<br/>of return<br/>expected<br/>at 31 July<br/>2013<br/>%</b> | <b>Valuation<br/>at 31 July<br/>2013<br/>£000</b> |
|---------------------|--|---|--|---|--|---|
| Equities            | 6.5  | 5,437   | 7.0  | 4,901   | 7.0  | 4,459   |
| Government<br>bonds | 2.5  | 757   | 3.2  | 671   | 3.3  | 621   |
| Other bonds         | 3.6  | 764   | 4.1  | 678   | 4.3  | 640   |
| Property            | 6.1  | 804   | 6.2  | 713   | 5.7  | 477   |
| Others              | 0.5  | 39  | 0.5  | 28  | 0.5  | 75  |
|                     |  | <b>7,801</b>                                      |  | <b>6,991</b>                                      |  | <b>6,272</b>                                      |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 21 Pensions and similar obligations (continued)

The following amounts at 31 July 2015, 31 July 2014, 31 July 2013, 31 July 2012 and 31 July 2011 were measured in accordance with the requirement of FRS17:

|                                     | 2015<br>£000 | 2014<br>£000 | 2013<br>£000 | 2012<br>£000 | 2011<br>£000 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total market value of assets        | 7,801        | 6,991        | 6,272        | 5,323        | 5,215        |
| Present value of scheme liabilities | (8,784)      | (7,705)      | (7,567)      | (7,092)      | (6,368)      |
| Deficit in the scheme               | (983)        | (714)        | (1,295)      | (1,769)      | (1,153)      |

In accordance with FRS17, the following components of the pension charge have been recognised in the performance statements in the year ended 31 July 2015 and 31 July 2014 under the requirements of FRS17:

|   | 2015<br>£000 | 2014<br>£000 |
|---|--------------|--------------|
| <b>Operating surplus</b>  |              |              |
| Current service cost  | (243)        | (234)        |
| Total operating charge  | (243)        | (234)        |
| <b>Other finance income</b>   |              |              |
| Expected return on pension scheme assets                                      | 424          | 373          |
| Interest on pension scheme liabilities  | (333)        | (347)        |
| Pension finance income/(cost)   | 91           | 26           |
| <b>Statement of total recognised gains and losses (STRGL)</b>                 |              |              |
| Actual return less expected return on pension scheme assets                   | 332          | 164          |
| Experience gains and losses arising on the scheme liabilities                 | (633)        | 455          |
| Changes in assumptions underlying the present value of the scheme liabilities | -            | -            |
| Actuarial (loss)/gain recognised in STRGL                                     | (301)        | 619          |

#### Movement in deficit during the year

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Deficit in scheme at beginning of the year | (714)        | (1,295)      |
| Movement in the year:                      |              |              |
| Current service cost                       | (243)        | (234)        |
| Contributions                              | 184          | 170          |
| Past service costs/curtailment costs       | -            | -            |
| Net finance income/(cost)                  | 91           | 26           |
|  | 32           | (38)         |
| Actuarial (loss)/gain                      | (301)        | 619          |
| Deficit in scheme at end of the year       | (983)        | (714)        |

The estimated value of employer contributions for the year ending 31 July 2016 is £182,381.

The cumulative amounts of actuarial losses recognised in the statement of total recognised gains and losses is £419,000 gain (2014: gain £720,000).

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 21 Pensions and similar obligations (continued)

#### Analysis of the movement in the present value of the scheme liabilities

|                                      | 2015<br>£000 | 2014<br>£000 |
|--------------------------------------|--------------|--------------|
| Liabilities at start of the year     | 7,705        | 7,567        |
| Movement in the year:                |              |              |
| Current service cost                 | 243          | 234          |
| Contributions by scheme participants | 74           | 69           |
| Other finance cost                   | 333          | 347          |
| Benefits paid                        | (204)        | (57)         |
| Actuarial loss/(gain)                | 633          | (455)        |
| Liabilities at end of the year       | 8,784        | 7,705        |

#### Analysis of the movement in the present value of the scheme assets

|  | 2015<br>£000 | 2014<br>£000 |
|--|--------------|--------------|
| Assets at start of the year              | 6,991        | 6,272        |
| Movement in the year:                    |              |              |
| Expected return on scheme assets         | 424          | 373          |
| Actuarial gain                           | 332          | 164          |
| Contributions by the employer            | 184          | 170          |
| Contributions by the scheme participants | 74           | 69           |
| Benefits paid                            | (204)        | (57)         |
| Assets at end of the year                | 7,801        | 6,991        |

| Details of experience gains and losses                                     | 2015   | 2014    | 2013    | 2012   | 2011 |
|--|--------|---------|---------|--------|------|
| Difference between the expected and actual return on scheme assets:        |        |         |         |        |      |
| Amount (£000)  | (332)  | (164)   | (669)   | 221    | 402  |
| Percentage of scheme assets  | (4.3%) | (2.30%) | (10.7%) | 4.2%   | 7.7% |
| Experience gains and losses on scheme liabilities:                         |        |         |         |        |      |
| Amount (£000)  | (633)  | 455     | (129)   | (317)  | 120  |
| Percentage of the present value of the scheme liabilities                  | (7.2%) | 5.9%    | (1.7%)  | (4.5%) | 1.9% |
| Total amount recognised in statement of total recognised gains and losses: |        |         |         |        |      |
| Amount (£000)  | (301)  | 619     | 540     | (538)  | 522  |
| Percentage of the present value of the scheme liabilities                  | (3.4%) | 8.0%    | 7.1%    | (7.6%) | 8.2% |

### 22 Capital commitments

The College had no capital commitments at 31 July 2015 and 31 July 2014.

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2015

### 23 Financial commitments

As at 31 July 2015, the College has annual contributions under non-cancellable operating leases, as follows:

|   | <b>Equipment</b> |             |
|---|------------------|-------------|
|   | <b>2015</b>      | <b>2014</b> |
|   | <b>£000</b>      | <b>£000</b> |
| Expiring between one and five years inclusive | <b>24</b>        | <b>20</b>   |
|   | <b>24</b>        | <b>20</b>   |

### 24 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 31<sup>st</sup> July 2015:

Coleg Sir Gar - Group Member

- £570 payable (2014: £3,825 receivables)
- Total income for the year £26,875 (2014: £3,825 income)

UWTSD – Parent

- £Nil receivable, £Nil payable (2014: £20,000 receivable, £5,128 payable)
- Total income for the year £20,000, total purchases £21,000 (2014: £20,000 income, £54,804 purchases)

### 25 Financial contingency fund

|                                  | <b>2015</b>  | <b>2014</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>£000</b>  | <b>£000</b>  |
| WG grant for the year            | <b>145</b>   | <b>148</b>   |
| Unspent grant from previous year | <b>14</b>    | <b>3</b>     |
| Interest received                | <b>-</b>     | <b>-</b>     |
|                                  | <b>159</b>   | <b>151</b>   |
| Disbursed to students            | <b>(144)</b> | <b>(132)</b> |
| Administration fee               | <b>(5)</b>   | <b>(5)</b>   |
| Unspent grant as at 31 July      | <b>10</b>    | <b>14</b>    |

WG Financial Contingency Fund grants are available solely for students. The College acts only as payment agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

### 26 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