

**COLEG CEREDIGION**  
**(a company limited by guarantee)**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 JULY 2016**

**Company registration no : 08725643**  
**Charity registration no : 1154557**

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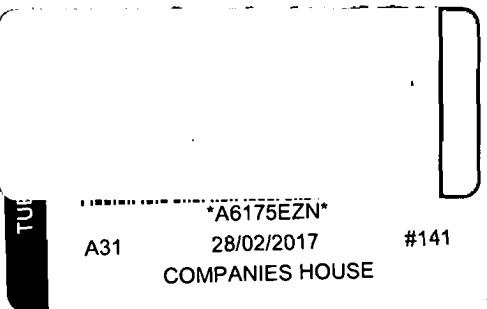
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# Coleg Ceredigion

## Annual report for the year ended 31 July 2016

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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: 7 December 2016

Ms Allison Coleman  
Director and Chair

# **Coleg Ceredigion**

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

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

### **COLLEGE MISSION**

The College mission statement, as recorded in its Strategic Plan 2014-2017 and as approved by the Board 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 of around £5m and employs 175 staff about 68 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 2016 (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 2015-16 these were:

|    | <b>KEY THEMES</b>            | <b>STRATEGIC PRIORITY 2015-16</b>         |
|----|------------------------------|---|
| 1. | Teaching and Learning        | EMBED TECHNOLOGY ENHANCED LEARNING        |
| 2. | Progress                     | REDUCE THE IMPACT OF DEPRIVATION          |
| 3. | Enterprise and Employability | ENHANCE ENTERPRISING ATTITUDES AND SKILLS |
| 4. | Bilingual Communities        | EMPOWER THROUGH BILINGUALISM              |
| 5. | Sustainable Futures          | GENERATE A SURPLUS TO INCREASE RESERVES   |
| 6. | Strong Leaderships           | INSPIRE A UNITED VISION                   |

# **Coleg Ceredigion**

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

In addition to its overarching Annual Operational Plan the college has a range of supporting plans. In 2015-16 they were as follows:

- Business and Enterprise Strategy
- Deprivation Strategy
- Environmental Management Strategy
- Equality and Diversity Scheme
- ESDGC Strategy
- Estates Strategy and PMP Recommendations
- Financial Strategy
- Health and Safety Strategy
- IT Strategy
- Learner Engagement and Support Strategy
- Learning and Teaching Strategy
- Literacy and Numeracy Strategy
- Marketing Strategy
- Partnership Strategy
- Provision Development Plan
- Risk Policy and Risk Register
- Safeguarding Strategy and Policy
- Self-Assessment Report and Quality Development Plan
- Sponsorship Strategy
- Staff Development Policy
- UWTSD Group Commercialisation Strategy
- Welsh Language Scheme
- 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 2016 (continued)

### FINANCIAL PERFORMANCE

The college incurred a deficit of £429,000 (2015: deficit £607,000), However the deficit is after "non cash" items relating to depreciation and additional pension charges consistent with the requirements of Financial Reporting Standard No 102: Retirement Benefits (FRS102).

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

|   | 2016      | 2015      |
|---|-----------|-----------|
|   | £         | £         |
| Deficit for the year                        | (429,000) | (607,000) |
| Non-cash items:                             |           |           |
| Depreciation net of deferred capital grants | 140,000   | 169,000   |
| FRS102 pension adjustments                  | 133,000   | 96,000    |
| Exceptional restructuring costs             | -         | 137,000   |
| Cash deficit                                | (156,000) | (205,000) |

Total income for the 2015-16 financial year was down by 5% to £4,940,000 compared with £5,215,000 in the previous year. Recurrent Welsh Government grants accounted for 79% of income in 2016 compared with 77% in the previous year.

Total expenditure for the 2015-16 financial year was decreased by 8% to £5,369,000 compared with £5,822,000 in the previous year.

Salary costs showed a 4% decrease at £4,058,000 compared to £4,221,000 and the staff costs as a percentage of total income increased to 82% from 81% in the year.

The deficit and the adverse FRS 102 adjustment has impacted significantly on the financial position. An FRS102 pension increase of £1.069m from £0.983m to £2.052m and the deficit for the year has contributed to a reduction of £1,365,000 in reserves. There has been a decrease in the cash balance of £221,000 to £374,000 (2015 £595,000). However the assets less current liabilities have decreased by less than 2% to £4,688,000 (2015: £4,753,000).

The deficit incurred at year end was greater than projected at mid-year. As a result an internal audit on controls was commissioned in September 2016 to identify improvements to systems and processes.

### 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 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. The college

# **Coleg Ceredigion**

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

Will also move more closely towards the harmonisation of back office functions, in particular in relation to Finance, Human Resources and Estates. In addition to this, the College continues to actively seek and develop other sources of income.

### **KEY PERFORMANCE INDICATORS**

In addition to the measures highlighted on pages 9 to 12, the Company's key performance indicators are income and operating surplus/(deficit) as reported above.

The college did not achieve the budgeted £7,000 surplus position at year end as a result of an over spend on the budget which had been based on high levels of predicted income unrelated to current funding.

Student numbers at the college remain stable and the college achieved the target of securing all the core FE funding available for the period.

The National Student Survey reports indicated a high level of student satisfaction.

### **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. Continuing to innovate in teaching and learning remain key priorities..

With the Welsh Government funding cuts 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, integrated Finance Systems and shared services wherever the opportunity arises and results in resilience and savings.

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 2016 (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 Quality, Teaching and Learning 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 school partners, the LEA, 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 building will officially open in October 2016.

The college merged with the University of Wales Trinity Saint David as a subsidiary company on 1 January 2014.

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 activity 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 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, which it hopes will develop in 2016/17.

# **Coleg Ceredigion**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016 (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, and efficiency gains are beginning to emerge.

The College is well represented on a range of national networks including the Ceredigion Public Service Board, 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 and improving relationships exist between the college and the LEA as a body and individual secondary schools in Ceredigion and neighbouring counties.

### **QUALITY AND STANDARDS**

An independent internal Curriculum Quality Audit was last conducted by the internal auditors in April 2015. The report was very positive and gave Coleg Ceredigion a 'green' Level of Assurance with a few 'Low' level recommendations.

Targets are set at organisation and course level using the LOR and underlying data. The college utilises Benchmarking data in order to set retention, attainment and successful completion targets and these are reviewed at the Curriculum, Quality, Teaching and Learning Committee, at Executive, and by the Curriculum and Standards Committee which is a sub-committee of the Board of Directors. This data is analysed using ESTYN and DfES thresholds.

LOR outcomes between for 2012-13 to 2013-2014 showed an increase in weighted successful completion rate of 2% to 81%. This outcome was maintained in 2014-2015, although the college's ranking has dropped from Quartile 2 to Quartile 4. It should be noted, however, that as the percentages are grouped closely together, judgments made on the basis of quartiles are not reliable.

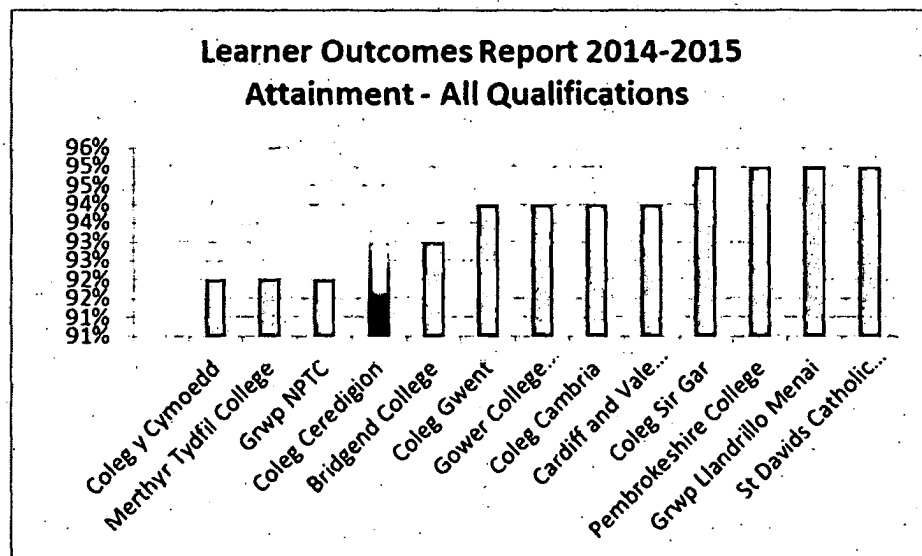
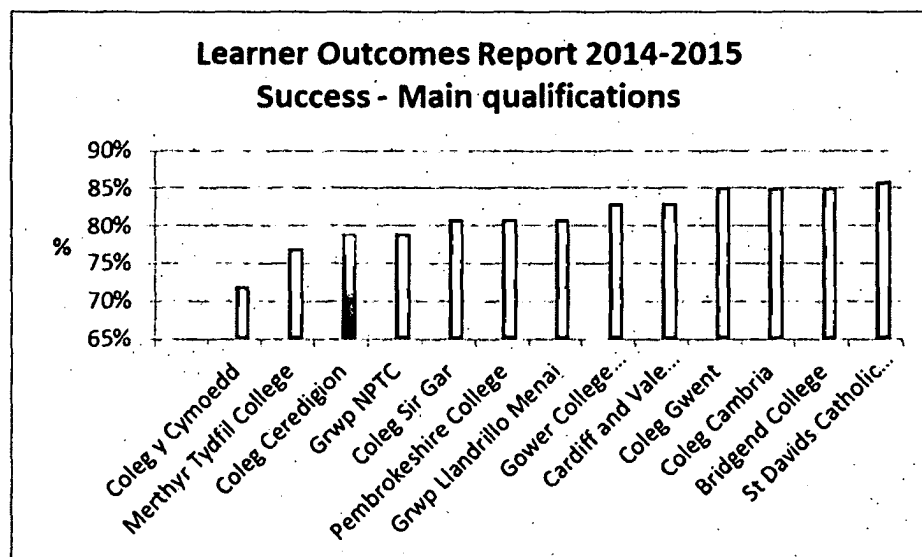
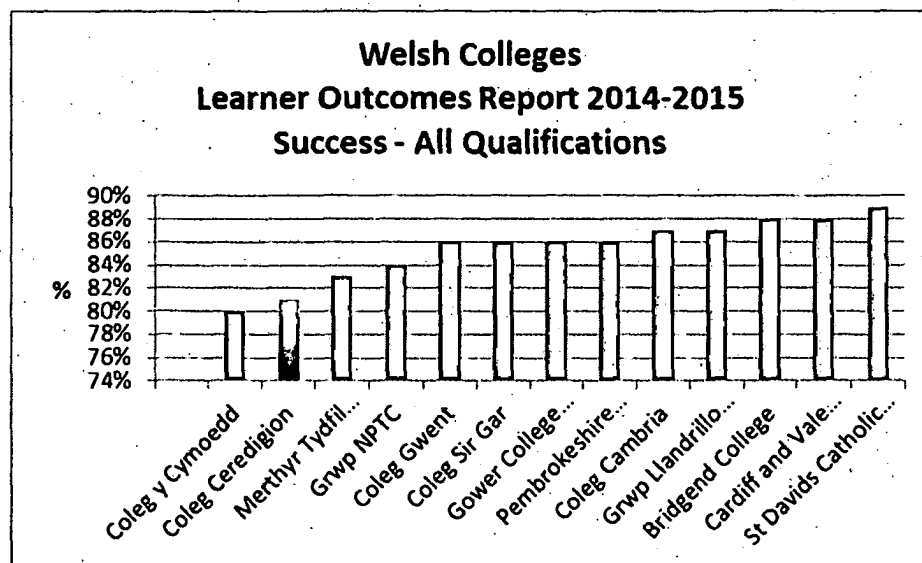
Although, the overall rates for Coleg Ceredigion have decreased from 2013/14 to 2014/15 this does not mean that there has been a decrease in quality and standards. As a small college in a rural area, Coleg Ceredigion is disadvantaged by low numbers. Initiatives introduced previously to increase retention and improve successful completion, have resulted in continually improving completion, attainment and success rates over the previous years. Completion for 2014-2015 has decreased by 2% and attainment has decreased by 1%. Although this result is disappointing, it should be noted that there has been an increase in Learning Activities attached to each learner as a result of the college's rigorous adherence to the Learning Area Programme (LAP) requirements. These state that learners should undertake Core studies to include three Essential or Wider Key Skills, Main Qualifications (some are made up of more than one qualification), and Community, Learner and Industry Focus (CLIF) elements. Where learners leave before the end of their programme, the impact on completion and attainment (and ultimately successful completion) statistics is amplified as the % rates are calculated at Learner Activity level and not number of learners.

Welsh Government is aware of the shortcomings within the current system, and is developing consistent measures for the post 16 sector. They have convened a Performance Measures Group to evaluate the effectiveness of the LOR and to develop a new methodology to measure and benchmark how well the sector is performing. The college's Principal and Director of Curriculum, Information Systems and Technologies are both members of the group.

The group has noted that measures used in isolation are a blunt instrument and should be looked at alongside other proposed measures to include value added and destinations which will provide a more rounded picture of performance in the future.

# Coleg Ceredigion

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



# Coleg Ceredigion

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

### QUALITY OF TEACHING AND LEARNING

The college's Teaching and Learning Strategy embeds the Welsh Government's Ministerial Priorities (2015-2016) of:

- Tackling poverty by ensuring equal opportunities for all, and supporting each and every learner to achieve and progress to the next level of learning or employment;
- Ensuring that all learners continue to develop their literacy and numeracy skills effectively throughout their learning programme at the College;
- Enabling learners to have clear pathways for progression through their course;
- Planning teaching and learning activities that enable learners to develop relevant employability skills which serve the needs of employers; and
- Developing learners' existing Welsh language skills by encouraging more learners to continue to study through the medium of Welsh or bilingually.

Each year the college produces a Teaching and Learning Development Plan that seeks to fulfil the above with a series of specific activities. During 2015-16 these were to:

- Provide a student learning experience of the highest quality
- Identify and embed innovative and inspirational teaching and learning methodologies in all curriculum areas
- Enrich and value the learning experience for all students
- Ensure that all learners enjoy the best possible learning experience which meets their individual needs
- Encourage personal reflection, subject specific and wider skills
- Provide our students with the skill-sets and ethos to make them a first choice for employers.

The Teaching & Learning Development Plan is linked to other key plans to include the Operational Plan, Literacy and Numeracy Development Plan, and the Quality Development Plan, and is monitored by the Curriculum, Quality, Teaching and Learning Committee.

A team of Teaching and Learning Champions were appointed in September 2014, following the successful WG Supported Experiments QIF project, to take forward initiatives on both campuses through twilight sessions, mentoring and during staff development days. One T&L Champion represented Wales in an EQAVET event which took place in Athens in May. This initiative was further supported in 2015-16 with a focus on Technology Enhanced Learning and Digital Literacy.

A new Quality System for observing Teaching and Learning was implemented during 2014-2015. With this system, in place of awarding a judgement following a single observation, lecturer performance is evaluated in a variety of ways which takes into account all the diverse activities that lecturers are involved with and which contribute to the overall success of their teaching and learning. These activities cover all aspects of teaching and learning, including the quality of assessment and marking of learner work and overall course management for those lecturers who are course tutors.

All teaching staff were observed via formal observations and drop-ins during 2015-16. Numbers are as follows:

| Category of Staff | Number of Staff | Full Observations conducted | Drop In sessions (Learning Walks) |
|-------------------|-----------------|-----------------------------|-----------------------------------|
| Fractional        | 12              | 12                          | 12                                |
| P/T               | 22              | 22                          | 8                                 |
| F/T               | 33              | 33                          | 33                                |
| Totals            | 67              | 67                          | 53                                |

# Coleg Ceredigion

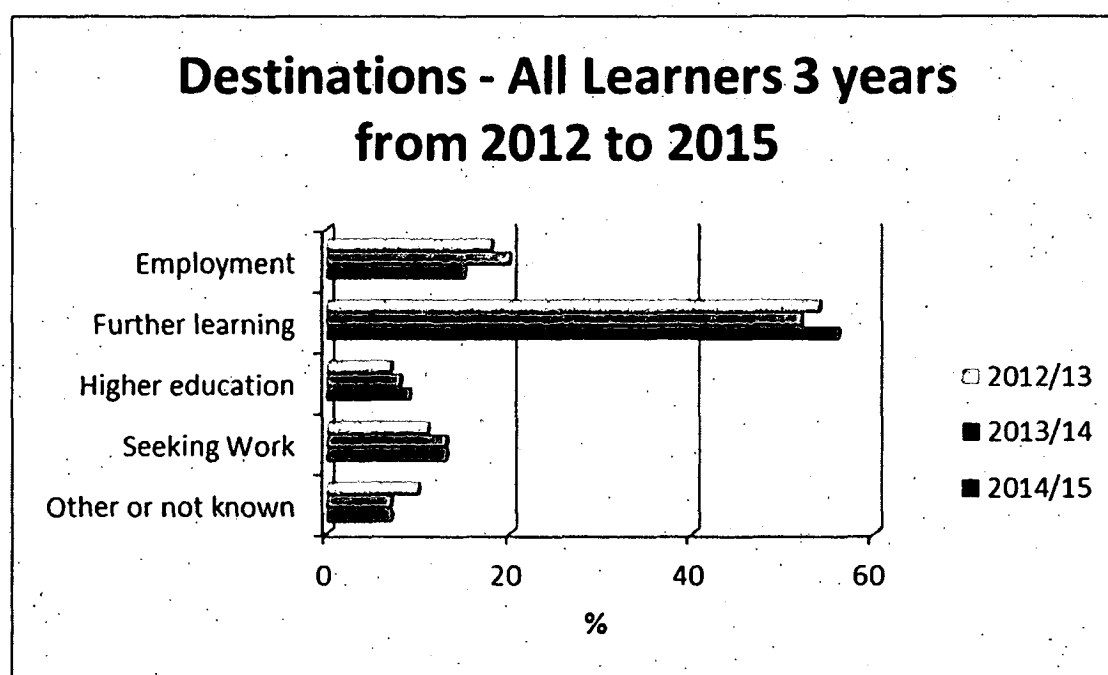
## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016 (continued)

Learning Walks were introduced in 2016 and the Quality team undertook a series of unannounced 'drop in' sessions. The results of these Learning Walks have informed the priorities for the Teaching and Learning Champions for 2016-2017.

### LEARNER VOICE (FE)

Learners are positive about coming to college, participate well and enjoy their lessons. The end of year Student Satisfaction Survey identified that 98% of learners felt that *'being in college helped them reach their goals'*. Learning Walks carried out during 2015-16 identified that learners feel supported by curriculum, support and welfare staff.

Destinations are captured during the end of year audit and Progression Targets are set out in the College's Operational Plan. The target for 2014-15 has been exceeded.



Learners are asked to comment on Teaching and Learning within the Student Satisfaction Survey, and 95% responded that 'Deadlines for handing in work were clearly stated and enforced'; 94% stated that their 'Lessons have been well organised and have helped them to learn'; 96% stated that 'Feedback is helpful and tells them what they are doing well and what they need to improve'.

Comments from learners indicate that learners feel supported by their tutors, welfare and learning support staff. For example, learners' comments include:

*'I value the safe and welcoming study environment provided'*

*'There is a supportive and nurturing atmosphere'*

*'Tutors are super helpful and I feel they encourage me to reach my full potential'*

*'The college is my haven and I wouldn't have progressed so far without the support from my tutors, the Learning Centre, and the Welfare Officer'.*

The attendance rate for learners on all courses who were actively involved in learning activities during 2014-15 was good, with rates of 93% for full-time courses and 94% for part-time courses. Punctuality is very good with nearly all learners arriving punctually for their classes.

# Coleg Ceredigion

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

The college measures 'raw' attendance i.e. actual (physical) attendance in college (not taking into account sickness or authorised absence), as well as overall attendance. Both rates have improved.

|           | 15/16           |                           | 14/15           |                           |
|-----------|-----------------|---------------------------|-----------------|---------------------------|
|           | Attendance<br>% | Actual<br>Attendance<br>% | Attendance<br>% | Actual<br>Attendance<br>% |
| <b>FT</b> | 93.0%           | 83.7%                     | 92.6%           | 82.6%                     |
| <b>PT</b> | 94.1%           | 85.2%                     | 94.3%           | 84.7%                     |

# **Coleg Ceredigion**

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

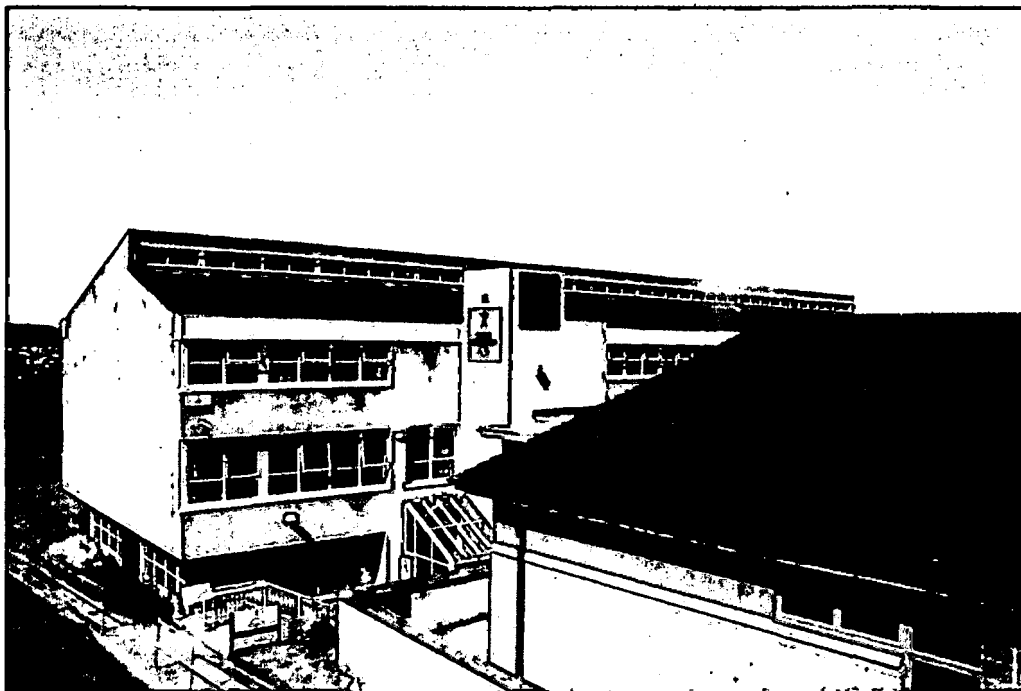
### **ESTATES**

During 2016 the college secured funding to enhance and expand its estate. With support from Welsh Government a new self-standing unit has been constructed on the Cardigan Campus to promote and enhance the Welsh Language and cultural activities. This facility will be offered to Welsh Language Groups and Welsh speaking individuals as a resource where Welsh language and culture can be promoted and celebrated.

Important remedial works and repairs have been carried out to the main buildings across both campuses, the most significant of which was the extensive roof repairs and upgrade of the main teaching block at Aberystwyth. This work will ensure the roof remains waterproofed and secure

at the center of the community. During 2016 the college submitted a Capital Bid to Welsh Government to support the creation of two Breakout Spaces, one on each campus. Support was received from Welsh Government to support 50% of the funding required to provide these additional facilities for learners which will be available for them to make use of during the academic year 2016/2017.

Work is ongoing to prepare a group wide Estates Strategy. To inform the strategy, specifications are being drawn up to undertake Condition Surveys of the estate as well as updated valuations. The plan is to have the strategy available in 2017 and the condition survey will also provide a new and updated Planned Maintenance Programme.



**Coleg Ceredigion Aberystwyth Campus**

# **Coleg Ceredigion**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2016 (continued)**



Coleg Ceredigion – "Y Man a'r Lle"



# Coleg Ceredigion

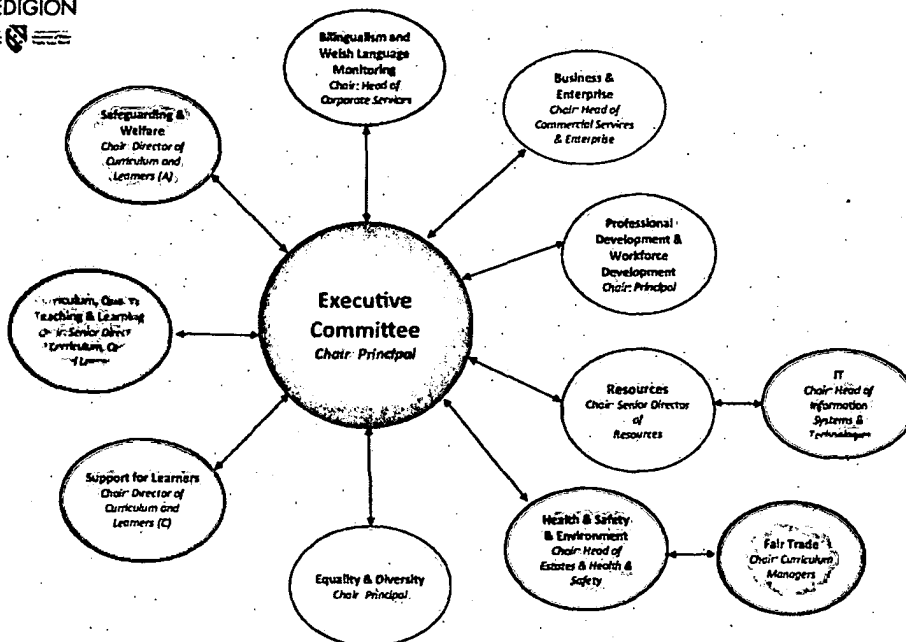
## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016 (continued)

### 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



# Coleg Ceredigion

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

### THE FUTURE

The college has identified the following Strategic Aims for 2016-19.

| STRATEGIC THEME     | STRATEGIC AIM   |
|---------------------|---|
| Strong Leadership   | Inspire a united vision which champions a revolutionary structure for educational pathways in Wales.  |
| Teaching & Learning | Deliver knowledge and skills through a diverse and high quality curriculum to enable learners to make inspirational choices.  |
| Sustainable Futures | Enhance and grow enterprising attitudes and skills to enable the learners to take control of their economic destiny.  |
| Bilingual Nation    | Establish the college as a leading bilingual institution which promotes the creation of a society where the Welsh language and culture are integral to social and economic success. |

|                      |   |
|----------------------|---|
| Progress and Support | Support Learners to maximise their potential so that they have the tools to continue to grow and develop and support their communities.                             |
| Digital Living       | Innovate in and embed technology enhanced learning in order to create a digitally capable nation.   |
| Maximising Resource  | Provide a high quality environment which utilises human and physical resources sustainably and cost effectively to contribute to the minimisation of global impact. |

### 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 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.

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.

In 2016-17 the college will work with the UWTSD Group to develop a new common framework across the Group. The Risk Register will be reviewed based on the new framework.

# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2016 (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.

Outlined below in further detail are two of the principal risks facing the college for the foreseeable future. Not all of the factors are within the college's control.

#### 1. Reduction in government funding

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

This risk is mitigated in a number of ways:

Focus on:

- creating a more diversified income base through a Group Commercialisation Strategy;
- delivery in high quality teaching and learning;
- developing higher education provision;
- harmonisation of operations with a view to reducing costs;
- develop the College Work Based Learning provision;
- building partnerships with schools and business.

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

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

The risk is mitigated as follows:

- Focused marketing effort and partnership working with schools
- Ensuring high quality delivery of education and training
- Learner support structures to ensure learners are supported
- Diverse curriculum and progression through the levels including HE
- Partnership with local businesses to meet the needs of the local economy

# Coleg Ceredigion

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

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

Signature Allison Coleman Allison Coleman

Date 7 December 2016

Director

# Coleg Ceredigion

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2016

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

### Results and future developments

The results for the year, strategy and future developments of the Company are set out in the Strategic Report on 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 2016.

### Professional advisers

Independent auditors (External) -PricewaterhouseCoopers LLP, Institute of Life Science 1,  
Swansea University, Singleton Park, Swansea, SA2 8PP.

Auditors (Internal) - Mazars, 90 Victoria Street, Bristol, BS1 6DP

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 – appointed 8th October 2014)

Ms Avril Jones \*# (resigned 13<sup>th</sup> April 2016)

Mr Kevin Bryan \*#

Mr Keith Henson \*# (resigned 7<sup>th</sup> October 2015)

Mrs Irfana Jones \*#

Miss Mared Jones \*#

Miss Llinos Price \*# (resigned 1<sup>st</sup> December 2015)

Ms Maria Stedman\*#

Mr David Willcox \*# (resigned 1<sup>st</sup> July 2016)

Mrs Jacqui Weatherburn #

Mr Dai Rogers \*# (appointed 1<sup>st</sup> December 2015)

Professor Roger Earis \*# (appointed 13<sup>th</sup> April 2016)

Mrs Marion Phillips \*# (appointed 1st December 2015)

Mr Hywel Davies \*# (appointed 1st September 2016)

Mrs Rachel Walker \*# (appointed 1st September 2016)

(\* non – executive directors)

(# Trustees)

# Coleg Ceredigion

## DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2016 (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 payments 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 13 days (2015: 14 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 has worked alongside UWTSD in the preparation of a group Strategic Equality Plan which is currently being developed and included cross group operational objectives.

### Statement of responsibilities of the Directors

The directors of the company are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the directors of the company, through the Accounting Officer, are required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *Accounts Direction 2016* issued by the Welsh Government, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

- select suitable accounting policies and 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 assume that the College will continue in operation.

The directors of the company are also required to prepare a Strategic Report, which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# **Coleg Ceredigion**

## **DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2016 (Continued)**

The maintenance and integrity of the College website is the responsibility of the directors of the company; 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 financial statements may differ from legislation in other jurisdictions.

The directors of the company are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time. The directors must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Welsh Government are not put at risk.

# Coleg Ceredigion

## DIRECTORS REPORT FOR THE YEAR ENDED 31 JULY 2016 (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 7/12/2016 and was signed on behalf of the Board by:

Allison Coleman

Allison Coleman

Director

Date: 7/12/2016



# **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 2016 and up to the date of signing the financial statements.

### **The Board of Directors**

The Company Board of Directors are listed on page 19. 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. Following Board approval all appointments are subject to ratification by UWTSD's Nominations and Governance Committee. 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 2016 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 2016 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;
- The adoption of formal project management disciplines, where appropriate.

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.

# Coleg Ceredigion

## CORPORATE GOVERNANCE STATEMENT (continued)

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. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit and risk management committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

Based on the advice of the Audit Committee and the Principal, the Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control.

### Statement on regularity, propriety and compliance

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

We confirm, on behalf of the Company, that to the best of our knowledge, the Company believes it is able to identify any material irregular or improper use of funds by the Company, or material non-compliance with the Welsh Government's terms and conditions of funding under the Company's financial memorandum. We further confirm that any instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Welsh Government.

### Going Concern

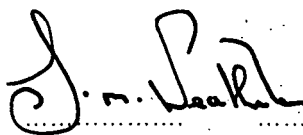
UWTSD has provided a letter of support indicating that it will provide financial support for a period of at least 12 months from the date of signing the 2016 financial statements, to enable the College to settle its obligations as they fall due. In this context the Board continues to adopt the going concern basis in preparing the financial statements.

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



J.A. Coleman, Chair

Date 7/12/16



J Weatherburn, Principal

Date 7/12/16

# **Coleg Ceredigion**

## ***Independent auditors' report to the Corporation of Coleg Ceredigion (the "Institution")***

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Coleg Ceredigion's financial statements:

- give a true and fair view of the state of the institution's affairs as at 31 July 2016, and of its income and expenditure 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.

#### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 July 2016;
- the Statement of Comprehensive Income and Income and Expenditure Account for the year then ended;
- the Statement of Changes in Reserves for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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, they have made assumptions and considered future events.

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

In our opinion, based on the work undertaken in the course of the audit:

- 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# **Coleg Ceredigion**

## ***Independent auditors' report to the Corporation of Coleg Ceredigion (the "Institution") (continued)***

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

In our opinion, in all material respects:

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

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the 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.

#### **Directors' remuneration**

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

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the Corporation**

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

# Coleg Ceredigion

## ***Independent auditors' report to the Corporation of Coleg Ceredigion (the "Institution") (continued)***

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

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

- whether the accounting policies are appropriate to the 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

*Ian Clarke*

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

*30 December 2016*

# Coleg Ceredigion

## Statement of Comprehensive Income for the year ended 31 July 2016

|   | Notes | 2016<br>£000   | 2015<br>Restated<br>£000 |
|---|-------|----------------|--------------------------|
| <b>Income</b>                                   |       |                |                          |
| Funding body grants                             | 2     | 4,237          | 4,320                    |
| Tuition fees and education contracts            | 3     | 389            | 505                      |
| Other grants and contracts                      | 4     | 39             | 52                       |
| Other income                                    | 5     | 275            | 337                      |
| Endowment and investment income                 | 6     | 1              | 1                        |
| <b>Total income</b>                             |       | <b>4,940</b>   | <b>5,215</b>             |
| <b>Expenditure</b>                              |       |                |                          |
| Staff costs                                     | 7     | 4,058          | 4,221                    |
| Fundamental restructuring costs                 | 7     | -              | 137                      |
| Other operating expenses                        | 8     | 1,032          | 1,167                    |
| Depreciation                                    | 10    | 245            | 272                      |
| Interest and other finance costs                | 9     | 34             | 25                       |
| <b>Total expenditure</b>                        |       | <b>5,369</b>   | <b>5,822</b>             |
| <b>Deficit before other gains and losses</b>    |       | <b>(429)</b>   | <b>(607)</b>             |
| <b>Deficit for the year</b>                     |       | <b>(429)</b>   | <b>(607)</b>             |
| Actuarial loss in respect of pension scheme     |       | (936)          | (173)                    |
| <b>Total Comprehensive expense for the year</b> |       | <b>(1,365)</b> | <b>(780)</b>             |
| <b>Represented by:</b>                          |       | <b>(1,365)</b> | <b>(780)</b>             |
| <b>Unrestricted comprehensive expense</b>       |       |                |                          |



# Coleg Ceredigion

## Statement of Changes in Reserves for the year ended 31 July 2016

|  | Income and<br>Expenditure<br>Account<br>£'000 | Revaluation<br>reserve<br>£'000 | Total<br>£'000 |
|--|---|---------------------------------|----------------|
| <b>Restated balance as at 1 August 2014</b>                          | <b>1,175</b>                                  | <b>1,454</b>                    | <b>2,629</b>   |
| Deficit from the income and expenditure account                      | (607)   | -                               | (607)          |
| Other comprehensive expense  | (173)   | -                               | (173)          |
| Transfers between revaluation and income and<br>expenditure reserves | 43  | (43)                            | -              |
|  | (737)   | (43)                            | (780)          |
| <b>Balance as at 31 July 2015</b>                                    | <b>438</b>                                    | <b>1,411</b>                    | <b>1,849</b>   |
| (Deficit) from the income and expenditure account                    | (429)   | -                               | (429)          |
| Other comprehensive income   | (936)   | -                               | (936)          |
| Transfers between revaluation and income and<br>expenditure reserves | 43  | (43)                            | -              |
|  | (1,322)                                       | (43)                            | (1,365)        |
| <b>Balance as 31 July 2016</b>                                       | <b>(884)</b>                                  | <b>1,368</b>                    | <b>484</b>     |

# Coleg Ceredigion

## Balance sheet as at 31 July 2016

|  | Notes | 2016<br>£'000 | 2015<br>Restated<br>£'000 |
|--|-------|---------------|---------------------------|
| <b>Fixed assets</b>  |       |               |                           |
| Tangible fixed assets  | 10    | 4,784         | 4,617                     |
| <b>Current assets</b>  |       |               |                           |
| Stocks   |       | 8             | 9                         |
| Trade and other receivables                                    | 11    | 182           | 237                       |
| Cash and cash equivalents                                      | 15    | 374           | 595                       |
|  |       | 564           | 841                       |
| <b>Less: Creditors: amounts falling due within one year</b>    | 12    | (660)         | (705)                     |
| <b>Net current assets</b>                                      |       | (96)          | 136                       |
| <b>Total assets less current liabilities</b>                   |       | 4,688         | 4,753                     |
| Less: Creditors – amounts falling due after more than one year | 13    | (1,697)       | (1,495)                   |
| <b>Provisions</b>  |       |               |                           |
| Defined benefit obligations                                    | 14    | (2,052)       | (983)                     |
| Other provisions   | 14    | (455)         | (426)                     |
| <b>Total net assets</b>  |       | 484           | 1,849                     |
| <b>Unrestricted reserves</b>                                   |       |               |                           |
| Income and expenditure account                                 |       | (884)         | 438                       |
| Revaluation reserve  |       | 1,368         | 1,411                     |
| <b>Total unrestricted reserves</b>                             |       | 484           | 1,849                     |

The financial statements on pages 30 to 52 were approved and authorised for issue by the Corporation on 7 December 2016 and were signed on its behalf on that date by:

Allison Coleman

Chair

Allison Coleman

J. Weatherburn

Principal

J Weatherburn

# Coleg Ceredigion

## Statement of Cash Flows for the year ended 31 July 2016

|  | Notes | 2016<br>£'000 | 2015<br>Restated<br>£'000 |
|--|-------|---------------|---------------------------|
| <b>Cash inflow from operating activities</b>             |       |               |                           |
| Deficit for the year                                     |       | (429)         | (607)                     |
| <b>Adjustment for non-cash items</b>                     |       |               |                           |
| Depreciation   |       | 245           | 272                       |
| Decrease in stocks                                       |       | 2             | 1                         |
| Decrease in debtors                                      |       | 55            | 42                        |
| (Decrease)/increase in creditors due within one year     |       | (45)          | 110                       |
| Increase/(decrease) in creditors due after one year      |       | 201           | (81)                      |
| Increase in provisions                                   |       | 30            | 17                        |
| Pensions costs less contributions payable                |       | 93            | 57                        |
| <b>Adjustment for investing or financing activities</b>  |       |               |                           |
| Investment income  |       | (1)           | (1)                       |
| Interest payable   |       | 40            | 31                        |
| <b>Net cash flow from operating activities</b>           |       | <b>191</b>    | <b>(159)</b>              |
| <b>Cash flows from investing activities</b>              |       |               |                           |
| Investment income  |       | 1             | 1                         |
| Payments made to acquire fixed assets                    |       | (413)         | (108)                     |
|  |       | <b>(412)</b>  | <b>(107)</b>              |
| <b>Decrease in cash and cash equivalents in the year</b> |       | <b>(221)</b>  | <b>(266)</b>              |
| Cash and cash equivalents at beginning of the year       | 15    | 595           | 861                       |
| Cash and cash equivalents at end of the year             | 15    | 374           | 595                       |

# **Coleg Ceredigion**

## **Notes to the financial statements for the year ended 31 July 2016**

### **1 Statement of accounting policies and estimation techniques**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2015 to 2016 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

#### **Transition to the 2015 FE HE SORP**

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

An explanation of how the transition to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the College is provided in note 21.

The 2015 FE HE SORP requires colleges to prepare a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change in accounting policy from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

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

- Revaluation as deemed cost – at 1<sup>st</sup> August 2014, the College has retained the carrying values of freehold properties as being deemed cost and measured at fair value

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

#### **Going concern**

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

UWTSD has provided a letter of support indicating that it will provide financial support for a period of at least 12 months from the date of signing the 2016 financial statements, to enable the College to settle its obligations as they fall due. In this context the Board continues to adopt the going concern basis in preparing the financial statements.

# **Coleg Ceredigion**

## **Notes to the financial statements for the year ended 31 July 2016 (continued)**

### **1 Statement of accounting policies and estimation techniques (continued)**

#### **Recognition of income**

Government revenue grants include funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

#### **Accounting for post-employment benefits**

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

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

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### **Short term Employment benefits**

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

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 1 Statement of accounting policies and estimation techniques (continued)

#### Enhanced Pensions

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

#### Non-current Assets - Tangible fixed assets

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

##### *Land and buildings*

Freehold buildings are depreciated on a straight line basis over their expected useful lives of 50 years. Freehold land is not depreciated. Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

##### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

##### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

##### *Equipment*

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- motor vehicles and general equipment      5 years
- computer equipment                              3 years
- furniture, fixtures and fittings                5 years

# **Coleg Ceredigion**

## **Notes to the financial statements for the year ended 31 July 2016 (continued)**

### **1 Statement of accounting policies and estimation techniques (continued)**

#### **Leased assets**

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

#### **Inventories**

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

#### **Cash and cash equivalents**

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

#### **Financial liabilities and equity**

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

Any loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

#### **Foreign currency translation**

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

#### **Taxation**

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

The College is partially exempt in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 1 Statement of accounting policies and estimation techniques (continued)

#### Provisions and contingent liabilities

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

#### Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

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

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

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

#### Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 2 Funding body grants

|                                     | 2016         | 2015         |
|-------------------------------------|--------------|--------------|
|                                     | £000         | £000         |
| Recurrent grant                     | 3,921        | 4,024        |
| Work based learning                 | 187          | 192          |
| Releases of deferred capital grant: |              |              |
| Buildings                           | 92           | 89           |
| Equipment                           | 13           | 15           |
| Other Revenue Grants                | 24           | -            |
|                                     | <b>4,237</b> | <b>4,320</b> |

### 3 Tuition fees and education contracts

|  | 2016       | 2015       |
|--|------------|------------|
|  | £000       | £000       |
| UK Further Education students                          | 106        | 124        |
| UK Higher Education students                           | 7          | 18         |
| Total fees paid by or on behalf of individual students | 113        | 142        |
| Higher Education contracts                             | 3          | 9          |
| Other contracts  | 273        | 354        |
|  | <b>389</b> | <b>505</b> |

### 4 Other grants and contracts

|                     | 2016 | 2015 |
|---------------------|------|------|
|                     | £000 | £000 |
| European Commission | 39   | 52   |

### 5 Other income

|                                    | 2016       | 2015       |
|------------------------------------|------------|------------|
|                                    | £000       | £000       |
| Catering and residences            | 132        | 165        |
| Other income-generating activities | 42         | 31         |
| Other income                       | 2          | 16         |
| Non-government capital grants      | 10         | 40         |
| Miscellaneous income               | 89         | 85         |
| <b>Total</b>                       | <b>275</b> | <b>337</b> |

### 6 Endowment and investment income

|                           | 2016 | 2015 |
|---------------------------|------|------|
|                           | £000 | £000 |
| Other interest receivable | 1    | 1    |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 7 Staff costs

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

|                | 2016<br>Number | 2015<br>Number |
|----------------|----------------|----------------|
| Teaching staff | 77             | 86             |
| Non-Teaching   | 49             | 49             |
|                | <b>126</b>     | <b>135</b>     |

Staff costs for the above persons

|                       | 2016<br>£000 | 2015<br>£000 |
|-----------------------|--------------|--------------|
| Wages and salaries    | 3,213        | 3,443        |
| Social security costs | 223          | 213          |
| Other pension costs   | 621          | 565          |
|                       | <b>4,058</b> | <b>4,221</b> |
| Staff Restructuring   | -            | 137          |
|                       | <b>4,058</b> | <b>4,358</b> |

#### Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. These are the Principal, the Senior Director of Curriculum and Senior Director of Resources

#### Emoluments of Key management personnel, Accounting Officer and other higher paid staff

|  | 2016<br>No | 2015<br>No |
|--|------------|------------|
| The number of key management personnel including the Accounting Officer was: | 3          | 3          |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 7 Staff costs

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

|                    | Key Management Personnel |            | Other staff |            |
|--------------------|--------------------------|------------|-------------|------------|
|                    | 2016<br>No               | 2015<br>No | 2016<br>No  | 2015<br>No |
| £60,001 to £70,000 | -                        | -          | -           | -          |
| £70,001 to £80,000 | 1                        | 1          | -           | -          |

Key management personnel emoluments are made up as follows:-

|                         | 2016<br>£'000 | 2015<br>£'000 |
|-------------------------|---------------|---------------|
| Salaries                | 176           | 182           |
| Benefits in kind        | 1             | 1             |
|                         | <b>177</b>    | <b>183</b>    |
| Pension contributions   | 28            | 26            |
| <b>Total emoluments</b> | <b>205</b>    | <b>209</b>    |

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

|                       | 2016<br>£'000 | 2015<br>£'000 |
|-----------------------|---------------|---------------|
| Salaries              | 77            | 76            |
| Benefits in kind      | 1             | 1             |
|                       | <b>78</b>     | <b>77</b>     |
| Pension contributions | 13            | 11            |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 8 Other operating expenses

|                    | 2016<br>£'000 | 2015<br>£'000 |
|--------------------|---------------|---------------|
| Teaching costs     | 369           | 432           |
| Non-teaching costs | 430           | 476           |
| Premises           | 233           | 259           |
|                    | <b>1,032</b>  | <b>1,167</b>  |

#### Other operating expenses include:

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Auditors' remuneration:                                     |              |              |
| Financial statements audit                                  | 14           | 14           |
| Internal audit  | 12           | 11           |
| Other services provided by the financial statements auditor | 5            | 5            |
| Hire of assets under operating leases                       | 25           | 24           |

### 9 Interest and other finance costs

|                                 | 2015<br>£000 | 2014<br>£000 |
|---------------------------------|--------------|--------------|
| Pension finance costs (note 18) | 34           | 25           |

### 10 Tangible fixed assets

|                                       | Land and<br>buildings<br>Freehold<br>£000 | Equipment<br>£000 | Total<br>£000 |
|---------------------------------------|---|-------------------|---------------|
| <b>Cost or valuation</b>              |   |                   |               |
| At 1 August 2015                      | 7,118                                     | 2,766             | 9,883         |
| Additions                             | 360                                       | 53                | 413           |
| Disposals                             | -   | (5)               | (5)           |
| <b>At 31 July 2016</b>                | <b>7,478</b>                              | <b>2,814</b>      | <b>10,292</b> |
| <b>Depreciation</b>                   |   |                   |               |
| At 1 August 2015                      | 2,651                                     | 2,615             | 5,267         |
| Charge for the year                   | 199                                       | 46                | 245           |
| Eliminated on disposal                | -   | (5)               | (5)           |
| <b>At 31 July 2016</b>                | <b>2,851</b>                              | <b>2,656</b>      | <b>5,507</b>  |
| <b>Net book value at 31 July 2016</b> | <b>4,627</b>                              | <b>157</b>        | <b>4,784</b>  |
| Net book value as at 31 July 2015     | 4,466                                     | 150               | 4,617         |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 11 Trade and other receivables

|                                       | 2016<br>£'000 | 2015<br>£'000 |
|---------------------------------------|---------------|---------------|
| Amounts falling due within one year:- |               |               |
| Trade receivables                     | 30            | 141           |
| Amounts owed by group undertaking:    | 9             | -             |
| Prepayments and accrued income        | 143           | 96            |
| <b>Total</b>                          | <b>182</b>    | <b>237</b>    |

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

|   | 2016<br>£'000 | 2015<br>£'000 |
|---|---------------|---------------|
| Obligations under finance leases            |               |               |
| Trade payables                              | 17            | 50            |
| Amounts owed to group undertakings          | 27            | -             |
| Other taxation and social security          | 123           | 124           |
| Accruals and deferred income                | 396           | 427           |
| Deferred income – government capital grants | 97            | 104           |
| <b>Total</b>                                | <b>660</b>    | <b>705</b>    |

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

|   | 2016<br>£'000 | 2015<br>£'000 |
|---|---------------|---------------|
| Deferred income – government capital grants | 1,697         | 1,495         |

### 14 Provisions

|                         | Defined<br>benefit<br>Obligations<br>£'000 | Enhanced<br>Pensions<br>£'000 | Total<br>£'000 |
|-------------------------|--|-------------------------------|----------------|
| At 1 August 2015        | 983  | 425                           | 1,408          |
| Expenditure in the year | (183)                                      | (31)                          | (214)          |
| Additions in year       | 1,252                                      | 61                            | 1,313          |
| <b>At 31 July 2016</b>  | <b>2,052</b>                               | <b>455</b>                    | <b>2,507</b>   |

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 18.

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

|                 | 2016 | 2015 |
|-----------------|------|------|
| Price inflation | 3.5  | 2.3  |
| Discount rate   | 1.7  | 1.3  |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 15 Cash and cash equivalents

|                           | At 1<br>August<br>2015<br>£'000 | Cash flows<br>£'000 | Other<br>changes<br>£'000 | At 31 July<br>2016<br>£'000 |
|---------------------------|---------------------------------|---------------------|---------------------------|-----------------------------|
| Cash and cash equivalents | 595                             | (221)               | -                         | 374                         |

### 16 Capital Commitments

|                                       | 2016<br>£'000 | 2015<br>£'000 |
|---------------------------------------|---------------|---------------|
| Commitments contracted for at 31 July | -             | -             |

### 17 Lease Obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

|   | 2016<br>£'000 | 2015<br>£'000 |
|---|---------------|---------------|
| <b>Future minimum lease payments due</b>          |               |               |
| <b>Other than land and buildings</b>              |               |               |
| Not later than one year                           | 31            | 24            |
| Later than one year and not later than five years | 66            | 79            |
| Later than five years                             | -             | -             |
|   | <u>97</u>     | <u>103</u>    |

### 18 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Dyfed Pension Scheme (LGPS) for non-teaching staff, which is managed by Mercer Limited. Both are multi-employer defined-benefit plans.

| <b>Total pension cost for the year</b>                       | 2016<br>£'000 | 2015<br>£'000 |
|--|---------------|---------------|
| Teachers' Pension Scheme: contributions paid                 | 284           | 274           |
| Local Government Pension Scheme:                             |               |               |
| Contributions paid   | 183           | 184           |
| FRS 102 (28) charge  | 93            | 59            |
| Charge to the Statement of Comprehensive Income              | <u>276</u>    | <u>243</u>    |
| Enhanced pension charge to Statement of Comprehensive Income | 61            | 48            |
| <b>Total Pension Cost for Year</b>                           | <u>621</u>    | <u>565</u>    |

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £37,000 (2015: £37,000) were payable to the TPS scheme and £22,000 (2015: £23,000) were payable to the LGPS scheme and are included in creditors.

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 18 Defined benefit obligations (continued)

#### Teachers' Pension Scheme

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

#### The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various 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.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

#### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.48% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 18 Defined benefit obligations (continued)

#### Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £284,000 (2015: £274,000).

#### FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Carmarthenshire Local Authority. The total contribution made for the year ended 31 July 2016 was £255,000, of which employer's contributions totalled £183,000 and employees' contributions totalled £72,000. The agreed contribution rates for future years are 15.7 % for employers and range from 5.5% to 7.5% cent for employees, depending on salary.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary

|                                      | 2016  | 2015  |
|--------------------------------------|-------|-------|
| Rate of increase in salaries         | 3.20% | 3.70% |
| Future pensions increases            | 1.80% | 2.20% |
| Discount rate for scheme liabilities | 2.50% | 3.80% |
| Inflation assumption (CPI)           | 1.70% | 2.20% |
| Commutation of pensions to lump sums | 50%   | 50%   |



# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 18 Defined benefit obligations (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

|                       | 2016  | 2015  |
|-----------------------|-------|-------|
|                       | years | years |
| <i>Retiring today</i> |       |       |
| Males                 | 23.40 | 23.30 |
| Females               | 25.90 | 25.80 |
| <br>                  |       |       |
| Males                 | 25.70 | 25.50 |
| Females               | 28.20 | 28.10 |

The College's share of the assets in the plan and the expected rates of return were:

|                                     | Long-term rate of return expected at 31 July 2016 | Fair Value at 31 July 2016 | Long-term rate of return expected at 31 July 2015 | Fair Value at 31 July 2015 |
|-------------------------------------|---|----------------------------|---|----------------------------|
|                                     |   | £'000                      |   | £'000                      |
| Equities                            | 68.90%  | 6,070                      | 69.71%  | 5,437                      |
| Government Bonds                    | 10.50%  | 925                        | 9.70%   | 757                        |
| Other Bonds                         | 9.50%   | 837                        | 9.80%   | 764                        |
| Property                            | 10.80%  | 951                        | 10.30%  | 804                        |
| Cash                                | 0.30%   | 26                         | 0.50%   | 39                         |
| <b>Total market value of assets</b> |   | <b>8,809</b>               |   | <b>7,801</b>               |
| <br>                                |   |                            |   |                            |
| <b>Actual return on plan assets</b> |   | <b>998</b>                 |   | <b>763</b>                 |

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

|                                   | 2016<br>£'000  | 2015<br>£'000 |
|-----------------------------------|----------------|---------------|
| Fair value of plan assets         | 8,809          | 7,801         |
| Present value of plan liabilities | (10,861)       | (8,784)       |
| <b>Net pensions (liability)</b>   | <b>(2,052)</b> | <b>(983)</b>  |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 18 Defined benefit obligations (continued)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

|   | 2016<br>£'000 | 2015<br>£'000 |
|---|---------------|---------------|
| <b>Amounts included in staff costs</b>                                  | <b>276</b>    | <b>243</b>    |
| <b>Amounts included in costs, interest and other finance</b>            |               |               |
| Net interest  | 34            | 25            |
| <b>Amounts recognised in Other Comprehensive Income</b>                 |               |               |
| Return on pension plan assets   | 702           | 460           |
| Changes in assumptions underlying the present value of plan liabilities | (1,638)       | (633)         |
| <b>Amount recognised in Other Comprehensive expense</b>                 | <b>(936)</b>  | <b>(173)</b>  |

### Movement in net defined benefit (liability)/asset during the year)

|   | 2016<br>£'000  | 2015<br>£'000 |
|---|----------------|---------------|
| Deficit in-scheme at 1 August                                 | (983)          | (714)         |
| Movement in year:   |                |               |
| Current service cost  | (276)          | (249)         |
| Employer contributions  | 183            | 184           |
| Net interest on the defined (liability)/asset                 | (34)           | (25)          |
| Administration charge   | (6)            | (6)           |
| Actuarial loss  | (936)          | (173)         |
| <b>Net defined benefit pension liability asset at 31 July</b> | <b>(2,052)</b> | <b>(983)</b>  |

### Asset and liability reconciliation

|  | 2016<br>£'000 | 2015<br>£'000 |
|--|---------------|---------------|
| <b>Changes in the present value of defined benefit obligations</b> |               |               |
| <b>Defined benefit obligations at start of year</b>                | <b>8,784</b>  | <b>7,705</b>  |
| Current Service cost   | 276           | 249           |
| Interest cost  | 331           | 327           |
| Contributions by Scheme participants                               | 72            | 74            |
| Changes in financial assumptions                                   | 1,638         | 633           |
| Estimated benefits paid  | (240)         | (204)         |
| <b>Defined benefit obligations at end of year</b>                  | <b>10,861</b> | <b>8,784</b>  |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 18 Defined benefit obligations (continued)

#### Reconciliation of assets

|  | 2016         | 2015         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Fair value of plan assets at start of year | 7,801        | 6,991        |
| Interest on plan assets                    | 297          | 302          |
| Return on plan assets                      | 702          | 460          |
| Employer contributions                     | 183          | 184          |
| Administration Charge                      | (6)          | (6)          |
| Contributions by Scheme participants       | 72           | 74           |
| Estimated benefits paid                    | (240)        | (204)        |
| Assets at end of year                      | <u>8,809</u> | <u>7,801</u> |

### 19 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £1,424; 4 governors (2015: £1343; 3 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2014: None).

#### UWTSD - Parent

Receivable £28,544 (2015 £nil) Payable £47,268 (2015 £nil)

Total Income for the year £29,264 (2015 £20,000)

Total Purchases for the year £62,655 (2015 £21,000)

#### COLEG SIR GAR - Group Member

Receivable £nil (2015 £nil) Payable £nil (2015 £nil)

Total Income for the year £1,003 (2015 £26,875)

Total Purchases for the year £300 (2015 £570)

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 20 Amounts disbursed as agent

#### FINANCIAL CONTINGENCY FUND

|  | 2016<br>£'000 | 2015<br>£'000 |
|--|---------------|---------------|
| Balance b/f  | 10            | 14            |
| Grant Received                                       | 145           | 145           |
|  | <b>155</b>    | <b>159</b>    |
| Disbursed to students                                | (144)         | (144)         |
| Administration costs                                 | (5)           | (5)           |
|  | <b>6</b>      | <b>10</b>     |
| Balance unspent as at 31 July, included in creditors | 6             | 10            |

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

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

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

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below.

|   | 1 August 2014<br>£'000 | 31 July 2015<br>£'000 |
|---|------------------------|-----------------------|
| <b>Balance sheet</b>                        |                        |                       |
| Total reserves under previous SORP          | 2,749                  | 1,940                 |
| Employee leave accrual                      | (119)                  | (131)                 |
| Release of non-government grant             | -                      | 40                    |
| <b>Total reserves under 2015 FE HE SORP</b> | <b>2,630</b>           | <b>1,849</b>          |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2016 (continued)

### 21 Transition to FRS 102 and the 2015 FE HE SORP (continued)

|   | 31 July<br>2015<br>£'000 |
|---|--------------------------|
| <b>Statement of comprehensive income</b>                              |                          |
| Deficit for the year under previous SORP                              | (507)                    |
| Employee leave accrual  | (12)                     |
| Release of non-government grants received                             | 40                       |
| Pensions provision – actuarial loss                                   | (173)                    |
| Changes to measurement of net finance cost on defined benefit plans   | (128)                    |
| <b>Total effect of transition to FRS 102 and 2015 FE HE SORP</b>      | <b>(273)</b>             |
| <b>Total comprehensive expense for the year under 2015 FE HE SORP</b> | <b>(780)</b>             |

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

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 15 days unused leave for teaching staff and 9 days unused leave for non-teaching staff. In addition, certain non-teaching employees are entitled to carry forward up to 5 of any unused holiday entitlement at the end of the leave year. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £119,000 was recognised at 1 August 2014, and £131,000 at 31 August 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £6,000 has been charged to Comprehensive Income in the year ended 31 July 2016.

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

The College has previously been in receipt of certain capital grants from sources other than those classified as "government" under FRS 102 and the 2015 FE HE SORP. Under the previous UK GAAP and 2007 SORP, these were able to be capitalised and amortised over the remaining useful economic life of the relevant fixed assets. This accounting treatment is no longer available for non-government grants and the grants have therefore been accounted for under the performance model and treated as if they had been credited to Comprehensive Income immediately that the performance conditions had been met.

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

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

# **Coleg Ceredigion**

## **Notes to the financial statements for the year ended 31 July 2016 (continued)**

### **21 Transition to FRS 102 and the 2015 FE HE SORP (continued)**

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

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

### **22 Ultimate parent undertaking and controlling party**

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