



# colegceredigion

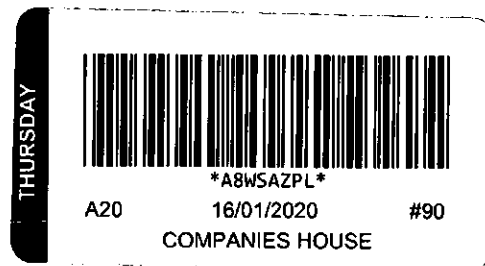
**COLEG CEREDIGION**  
**(a company limited by guarantee)**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 JULY 2019**

**Company registration no: 08725643**

**Charity registration no: 154557**



# Coleg Ceredigion

## Annual report for the year ended 31 July 2019

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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 thereof).

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 that are available to staff, students and members of the public.

By order of the Board

Signature 

Date

12/12/19

Ms Maria Stedman

Director and Chair

# **Coleg Ceredigion**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019**

The directors present their strategic report for the year ended 31 July 2019.

### **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 was a wholly owned subsidiary of University of Wales: Trinity Saint David up until the 1<sup>st</sup> of August 2017 when ownership transferred to Coleg Sir Gar, another 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 Pembrokeshire, Carmarthenshire and Powys.

The College has an annual turnover of around £ 6m and employs circa 170 staff of whom around 70 are employed on a full-time basis. Each year, around 900 learners enrol at the college. This total includes circa 600 full-time learners, with the majority being 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 Crymych).

Ceredigion's population, according to the 2011 census is 75,922. With 43 people per square kilometer, 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.

### **The County**

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.

# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

### Strategic Vision

# VISION

- Our College will always put the needs of the learner first and our primary focus will be to develop ambitious, highly skilled, resilient and employable learners who improve their self-esteem and are confident to take their place in the workforce of the future.
- All our actions will be defined by our core values and behaviours.
- We will achieve excellence in teaching and learning practice and have the highest standards in learner outcomes, leading to successful progression for all learners. An ambitious workforce development programme will drive improvement at all levels.
- Our curriculum will be innovative and will evolve to meet the ever-changing demands of global industry, and our curriculum pathways will facilitate progression through an Integrated Dual Sector University.
- We will be a safe and caring College that improves the wellbeing of learners and staff.
- We will sustain and improve partnerships that bring real benefit to the learner. We will remain at the heart of the community, discharging our civic duty and we will be recognised as a bilingual College in Wales, championing the Welsh language and culture.
- Financial resilience, based on diversified income streams, will be of paramount importance to us and we will drive operational efficiency and effectiveness to maximise our business performance.
- A sustainable, contemporary, estate and cutting edge resources will provide an outstanding environment for learners to be successful in their future careers.

### Values and Behaviours

#### PURPOSE

*learners, care, respect, integrity, customer focused*





#### PASSION

*positivity, recognition, praise, aspiration*

#### PROFESSIONALISM

*teamwork, transparency, flexibility, responsibility, accountability, communication*

### Strategic Priorities

|  |   |
|--|---|
|  <p>Outstanding teaching and learning</p> |  <p>Building organisational resilience</p> |
|  <p>Inspirational learner experience</p>  |  <p>Committed partnership working</p>      |

# **Coleg Ceredigion**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019**

### **Financial Performance and Objectives**

The College's financial objectives are:

- to achieve an annual operating surplus (defined as a surplus prior to FRS 102 non cash pension costs) and positive cash flow
- to diversify income streams and reduce reliance on core funding
- to generate sufficient levels of cash to support the asset base of the College
- to ensure a healthy short-term liquidity position
- to fund continued capital investment

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

- Total income for the period has increased to circa £ 6.1 million (2018: £6.0 million). Maintaining a significant level of turnover reflects the continued success of the College at further and higher education. Fluctuations in turnover are inevitable, and can be greatly influenced by the level of project work undertaken.
- Staff costs as a percentage of total income increased from 72.0 % to 80.0 %.(mainly due to pension cost adjustments ) The average number of staff employed remained relatively constant. Other operating expenses increased as a percentage of total income from 22 % to 23 %.
- The loss for the year was £1,139,000 (2018: £147,000 loss), which is inclusive of an exceptional restructuring cost of £ 441,000 – see the final point below.
- The liquidity position although below 1 at present, is expected to improve due to the restructuring programme undertaken during the year remains. The ratio of short-term assets to creditors falling due within one year stands at 0.65 (2018: 1.0).
- Net assets have decreased from £1.8 million to a negative £0.8 million (due to pension adjustments). Net assets, excluding defined benefit obligations have decreased from £2.5 million to £1.9 million. For further details on the accounting standards under which these financial statements are prepared, see the Statement of Principal Accounting Policies and Estimation Techniques on page 30.
- Specific capital grants were applied in line with the College's Strategic Plan towards enhancing effectiveness and providing a quality learning environment.
- The provision for enhanced pensions was reviewed during the period and the balance required at 31 July 2019 has been estimated at £388,000 (2018: £413,000).
- During the year, the college undertook a restructuring programme to reduce core costs. The total cost for this exceptional expense was £441,000.

### **Treasury policies and objectives**

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

The College has a separate treasury management policy in place.

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

# **Coleg Ceredigion**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019**

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

The college operating cashflow position for the year is a negative amount of £0.2 m which includes a restructuring cost of £ 0.4 m. Although the cashflow is positive after the removal of the exceptional cost, this is due to an intercompany loan from the parent company Colegsirgar. Also, the restructuring rebasing will secure higher returns in future years. Overall cash balances decreased by £ 0.2 m (from £0.8 m to £0.6 m). The College wishes to continue to accumulate cash balances to fund future planned capital developments. To achieve this, the College has continued its drive for efficiency in the education and training it delivers. This has been, and will be, achieved by thoroughly reviewing its curriculum provision, effective deployment of resources, and best value procurement of goods and services. In addition, the College continues to seek and develop other sources of income. Significant re-investment into the College estate and plant and equipment ensures that learners have quality provision to aid in their educational process.

### **Curriculum Development and Enrichment**

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

The curriculum is formulated and reviewed in partnership with the College's stakeholders, the Regional Learning and Skills Partnership (RLSP), Sector Skills Councils, 14-19 networks, the ACL Group, University of Wales: Trinity Saint David, industry, business and local employers. This is supplemented using skills observatory data provided through the RLSP.

The College has a Curriculum and Quality Committee, reporting to the Board's Advisory Body for Curriculum and Standards. This provides a focus for discussion on curriculum and quality policy and development matters.

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

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

### **Partnership and Transformation**

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

From 31st December 2013, the College became part of the University of Wales: Trinity Saint David group, maximising opportunities for learners and sharing information, expertise and resources. On the 1st of August 2017, ownership was transferred to Coleg Sir Gar, also a subsidiary of University of Wales: Trinity Saint David

The college has played a leading role in developing Partnerships with a broad range of partners within Ceredigion and on a regional level. Some of this work is undertaken in networks such as the 14-19 Network, Growing Mid Wales Partnership, Regional Learning Partnership, and the Ceredigion ACL Partnership. Some work is with a range of FE and HE institutions, the B-WBL Work-based Learning Consortium, voluntary, statutory and specialist agencies, the local economic and the Regeneration Partnership.

# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

### Quality and Standards

Note that the next section of the report that deals with quality performance, measures and statistics reflects the combined data for both Coleg Sir Gâr and its subsidiary company Coleg Ceredigion. Coleg Sir Gâr is by far the largest proportion in terms of weighting, with a turnover of circa £ 35m against £5m for Coleg Ceredigion (9000 students vs circa 600 students respectively).

The College (Coleg Sir Gâr only for this Estyn element) underwent its last Estyn Inspection in 2013 and achieved the following successful outcomes:

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

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

#### Further Education performance measures (latest available figures)

College successful completion for all qualifications for 2017-2018 is excellent at 87%. Success is 2% points above the national comparator of 85%, and it is within the upper quartile of further education providers' performance in Wales. Overall success rates for the college are improving and excellent in 9 of the 15 subject sector areas delivered.

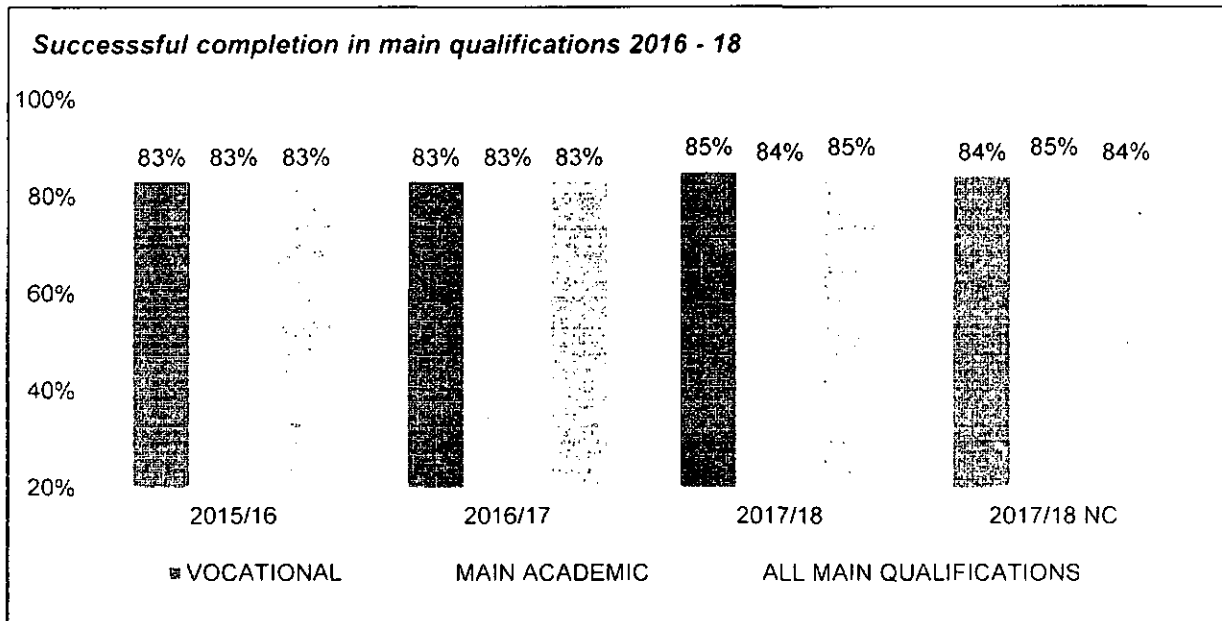
| <b>Successful completion in all qualifications 2016-18</b> | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> |
|--|----------------|----------------|----------------|
| <b>All Sectors</b>   |                |                |                |
| Information and Communication Technology                   |                |                |                |
| Retail and Commercial Enterprise                           |                |                |                |
| Business, Administration and Law                           | 82%            |                |                |
| Education and Training                                     |                |                | 67%            |
| Social Sciences  |                |                |                |
| Preparation for Life and Work                              |                |                | 82%            |
| Languages, Literature and Culture                          |                |                |                |
| Health, Public Services and Care                           | 82%            |                | 83%            |
| Arts, Media and Publishing                                 |                | 84%            |                |
| Construction, Planning and the Built Environment           |                | 83%            | 84%            |
| Science and Mathematics                                    | 74%            | 81%            | 81%            |
| History, Philosophy and Theology                           |                | 81%            |                |
| Leisure, Travel and Tourism                                | 73%            | 79%            |                |
| Agriculture, Horticulture and Animal Care                  | 80%            | 79%            | 74%            |
| Engineering and Manufacturing Technologies                 | 80%            | 77%            |                |

Successful completion in all main academic and vocational qualifications is excellent at 85%, and is 1% point above the national comparator of 84%, and it is within the upper quartile of further education providers' performance in Wales.



# Coleg Ceredigion

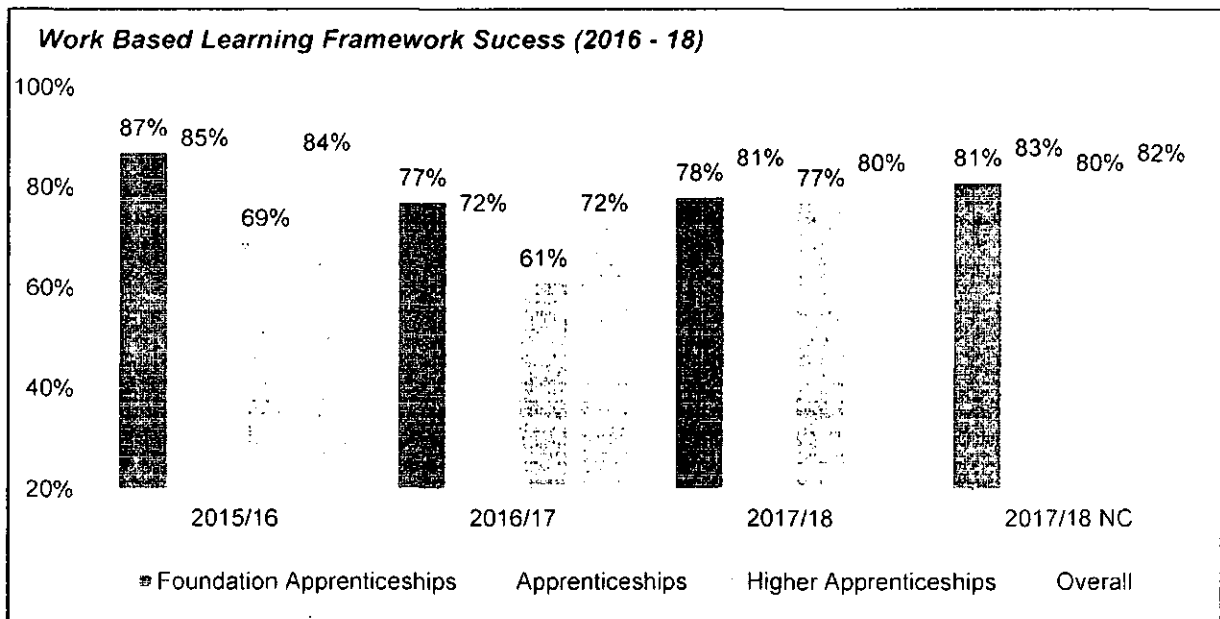
## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019



Success rates in all main academic and vocational qualifications are excellent in 9 of the 14 subject sector areas delivered. Success rates for vocational qualifications is excellent at 85%. The college is ranked joint third amongst the further education providers' performance in Wales, and it is within the upper quartile.

### Work-Based Learning

The overall success rate for work-based learning in 2017/18 was good at 80%, an increase of 8% points compared with 2016/17. Significant improvements were achieved in improving framework success in apprenticeship and higher apprenticeship levels. Improving consistency and standards in work-based learning across all apprenticeship levels continues to be a strategic target.

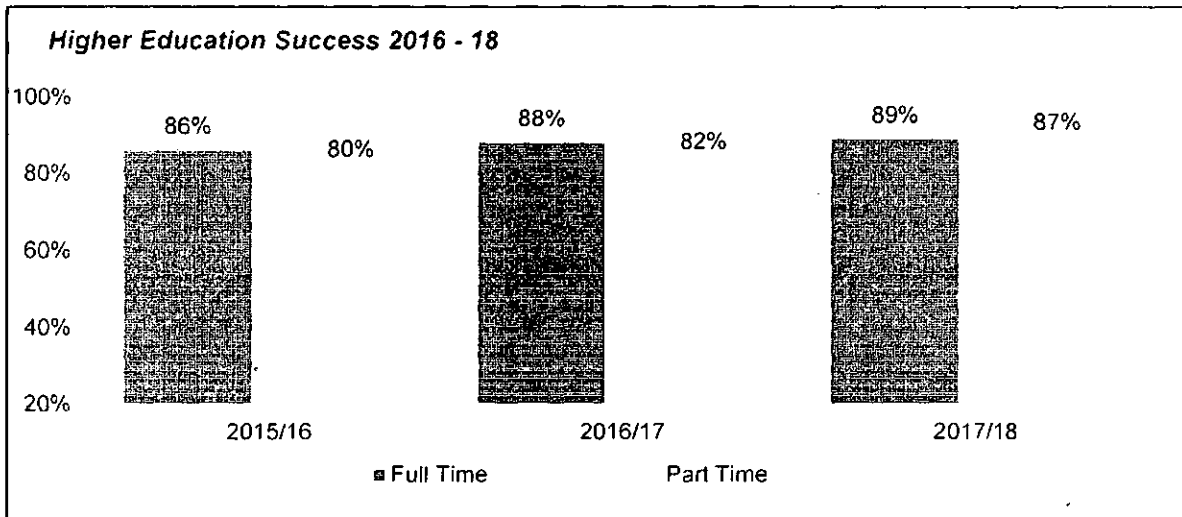


# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

### Higher Education

Higher education success continues to improve. In 2017/18, 89% success was achieved in full time courses and 87% in part time. The College continues to monitor its trends in performance and as it strives towards continuing to improve its standards at the higher education level.



### Quality of Teaching and Learning

Coleg Sir Gâr's primary aim over the last five years, and Ceredigion since its integration has been on improving classroom experiences and learner outcomes. Policies have focused on helping us move from good to excellent, and the significant emphasis on training, motivating and supporting staff was recognised in 2017 when Coleg Sir Gâr was awarded the Association of Colleges Beacon Award for excellence in staff development.

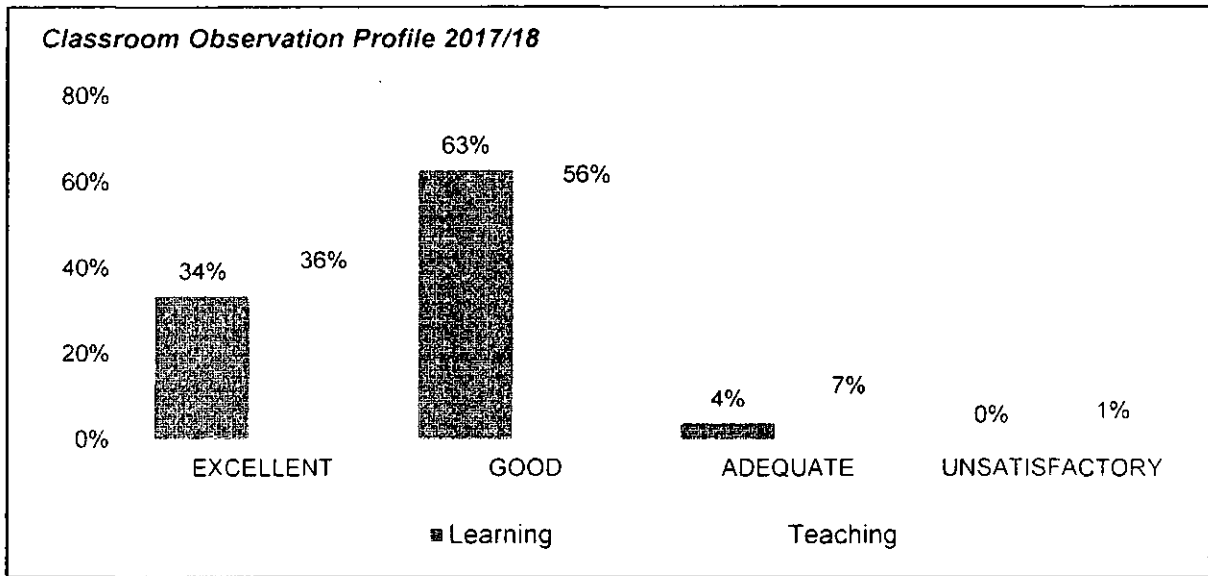
This project focuses on improving the professional practice of teachers. Fundamental to the process is each teacher undertaking a self-assessment of their performance against key performance criteria. This in turn leads to a teaching profile that indicates bespoke areas for staff development. Attendance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

Nearly all staff have engaged well and benefited from the college's strong commitment to continuous professional development, and this positive impact is evident in the excellent learner success outcomes for 2017-2018.

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

# Coleg Ceredigion

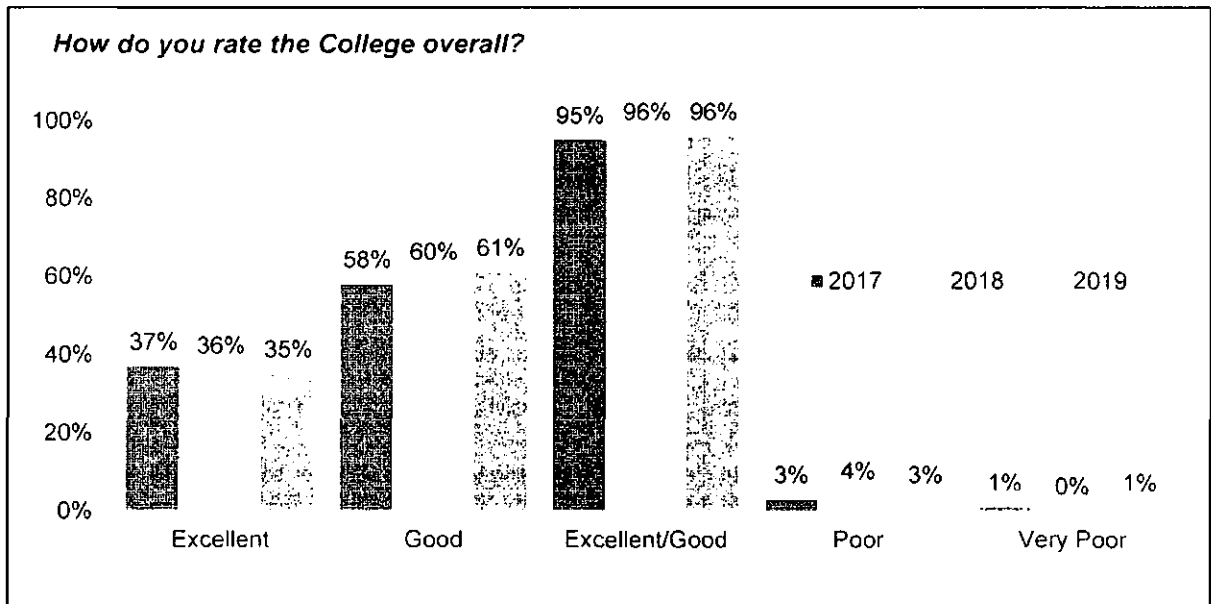
## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019



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

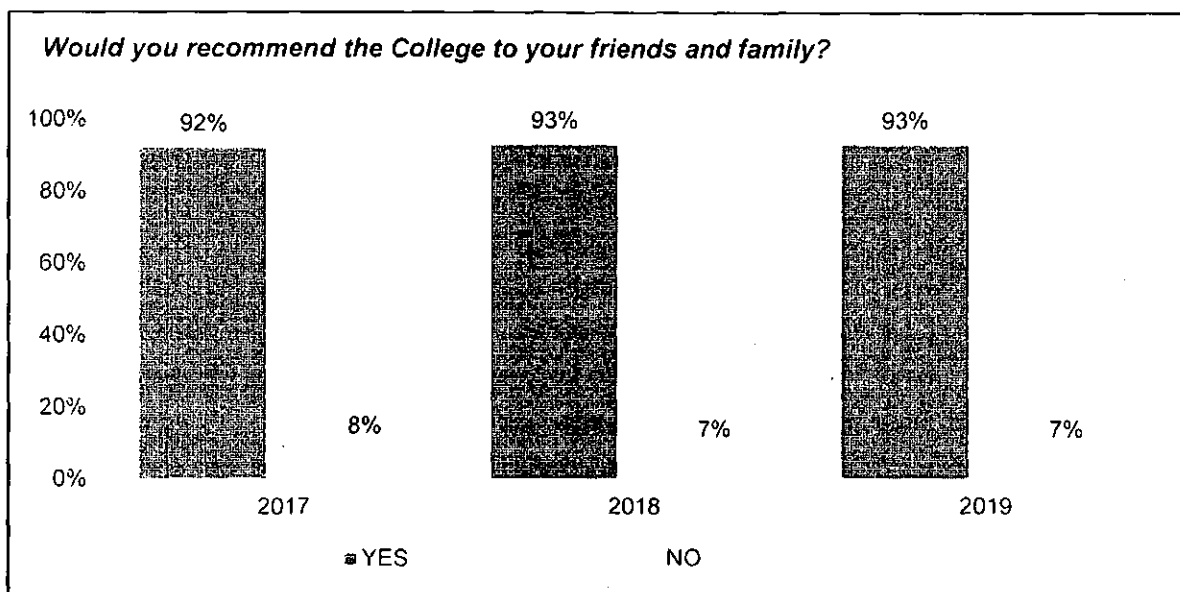
### Learner Voice (Further Education)

Nearly all learners express very high levels of satisfaction with nearly all aspects of college life, and 93% of respondents in the March 2019 learner voice survey stated that they would recommend the college to friends and family. This positive learner perception is consistent with results from surveys in previous years.



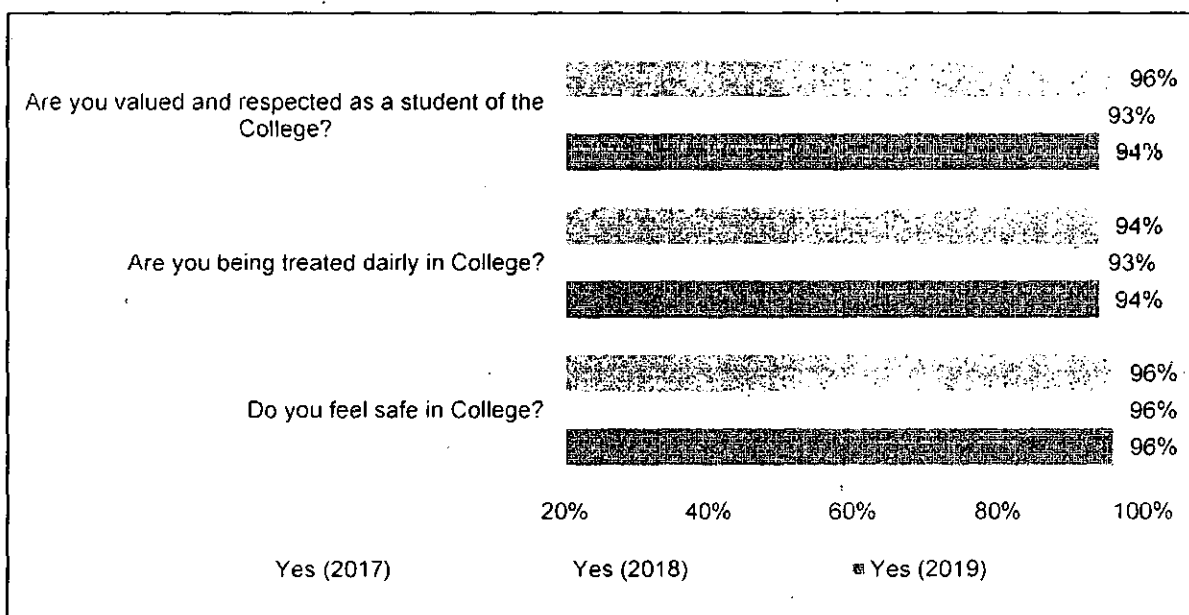
# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019



### Health and Wellbeing of Learners

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

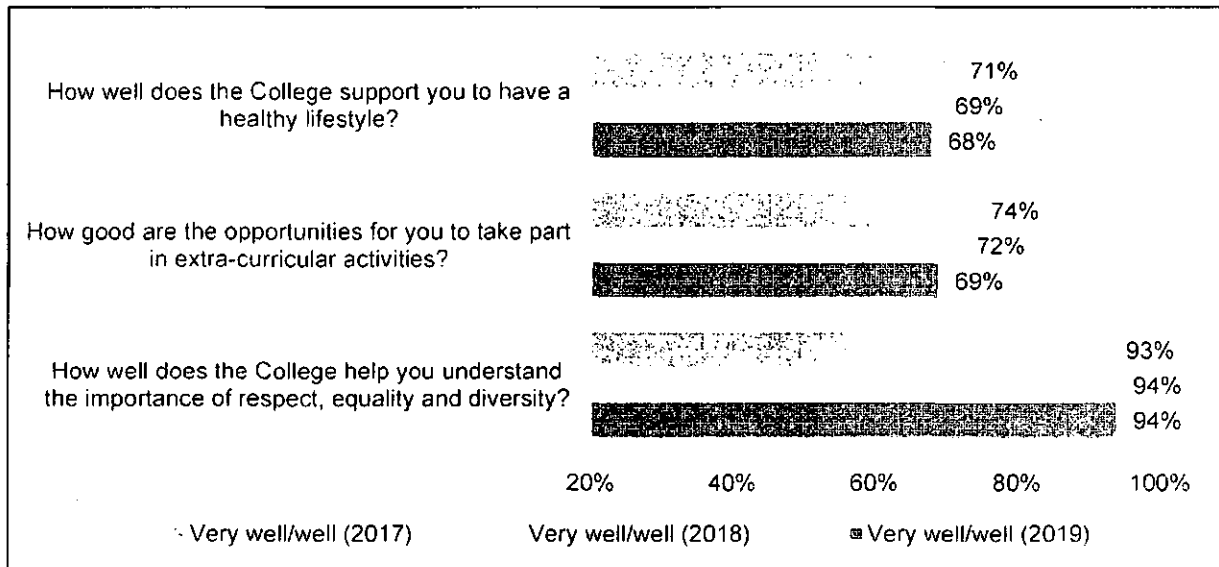


Effective arrangements are in place to safeguard children and vulnerable adults underpinned by clear policies and procedures. Safeguarding contacts are in place across all campuses and staff and students are aware of referral processes.

# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

The college raised the profile of wellbeing and mental health in response to growing demands. Induction, tutorial and promotional activities have been effective in raising learners understanding of wellbeing, and have reflected the priority given to keeping learners safe and promoting wellbeing through the "5 ways to wellbeing" message.



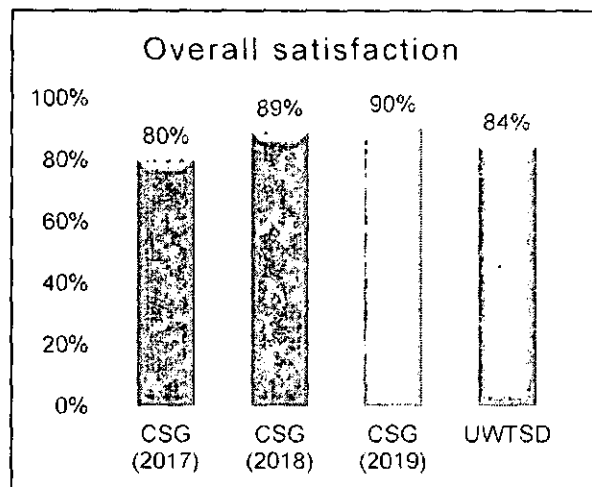
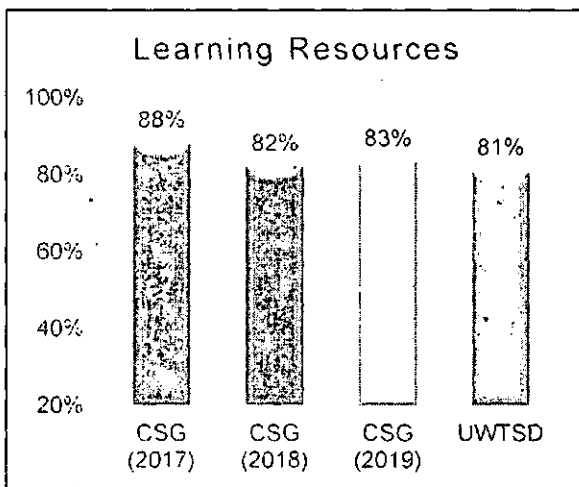
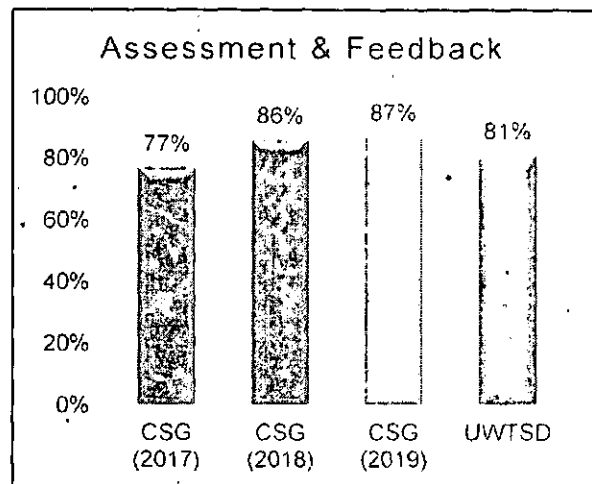
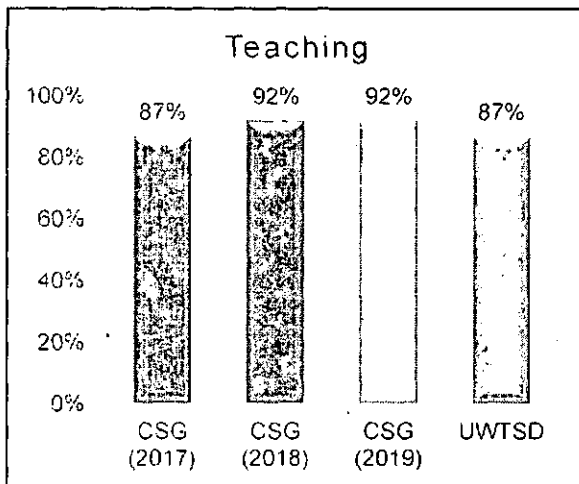
The College has implemented an excellent 'Respect' campaign to promote an ethos of tolerance, equality and diversity across all campuses. The campaign has effectively raised awareness among learners and staff through a wide range of media and activities that are prominently displayed throughout the campuses.

# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

### Learner Voice (Higher Education)

Over recent years' higher education learners in their final year of study have responded positively to their teaching, learning and overall experiences whilst studying at the College. The results from the 2019 National Student Survey were excellent and showed significant improvements in student satisfaction in comparison to earlier years.



### Capital Investment and Accommodation (Coleg Ceredigion only)

There was no significant capital investment programmes expedited at the college for 2018/19. That said, the college was successful in securing 21<sup>st</sup> Century Schools funding of £400 k to fund a wide range of industry standard equipment and to update key elements of its IT infrastructure. Although some expenditure was recognised in 2018/19, the majority will be expedited in 2019/20

# **Coleg Ceredigion**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019**

### **The Future**

The College sees a strong future for itself as part of the FE Group, with Coleg Sir Gar, and part of the wider University of Wales: Trinity Saint David ("UWTSD") Dual Sector University. It has made a commitment to continuing to offer a strong further education provision across the county.

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

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

### **Principal Risks and Uncertainties**

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

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

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

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

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

#### **1. Reduction in real terms of government funding**

The College relies on government funding, and the current climate is such that there are continuous pressures on this income stream.

# Coleg Ceredigion

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

This risk is mitigated in a number of ways:

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

### 2. Failure to recruit and retain students

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

The risk is mitigated as follows:

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

### Key Performance Indicators

The target of breakeven before defined benefit obligation costs has not been achieved during this financial year with an actual loss before non-cash defined benefit obligation costs of £654,000 (17/18: £126,000 surplus). This includes a redundancy cost of £ 441,000 . The loss for the year after defined benefit obligation costs is £1,139,000 (deficit of £147,000 in 17/18), with non-cash adjustments being £485,000 (17/18: £274,000). Although disappointing, the restructuring rebase should ensure a return to surplus generation in future years.

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

The College continues to achieve high standards of quality for its teaching and learning function.

This report was approved by the board on 12/12/19 and was signed on behalf of the board by:

Signature  .....

Date: 12/12/19

**Maria Stedman**  
Director



# **Coleg Ceredigion**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019**

The directors present their report and the audited financial statements of the Company for the year ended 31st July 2019.

### **Results and future developments**

The results for the year, strategy and future developments of the Company are set out in the Strategic Report on pages 3 to 15.

### **Dividends**

The Company is limited by guarantee. No dividends have been paid or are recommended for the year ended 31st July 2019.

### **Professional advisers**

|                    |   |
|--------------------|---|
| External auditor:  | KPMG LLP, Cardiff                       |
| Internal auditor : | Mazars LLP, Bristol                     |
| Banker:            | Barclays Bank Plc, Swansea              |
| Solicitor:         | Eversheds, Hepworth & Chadwick, Cardiff |

### **Directors**

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

#### Directors

Mrs Maria Stedman (Chair – appointed 04/10/18)  
Mr John Edge \*# (appointed 18/10/18)  
Mr Roger Evans\*# (resigned 18/10/18)  
Mr Phillip Owen \*# (resigned 18/10/18)  
Mrs Sandra Isaac \*# (resigned 31/07/2019)  
Mr Eifion Griffiths (appointed 18/10/18)  
Mr Andrew Cornish (appointed 18/10/18)  
Mr Barry Liles# (Principal) (resigned 18/10/18)

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

# **Coleg Ceredigion**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019**

### **Directors' indemnities**

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

### **Payment performance**

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

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

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received.

### **Estate developments**

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

### **Equal opportunities**

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

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

### **Stakeholder relationships**

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

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

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

### **Staff and student involvement**

The College systematically provides employees and staff with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The committee structure provides the formal

# **Coleg Ceredigion**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019**

communication links with representation as appropriate from different staff employment categories and students. Employee and student involvement in the College is encouraged, as achieving a common awareness on the part of all employees and students of the financial and economic factors affecting the College plays a major role in the decision making process.

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

The directors are responsible for preparing the Strategic Report and the Directors' Report in accordance with applicable law and regulations.

Applicable law requires the directors to prepare financial statements for each financial year. The directors have therefore prepared the financial statements in accordance with applicable law and UK Accounting Standards, including the Statement of Recommended Practice – Accounting for Further and Higher Education 2015, the Accounts Direction for 2018/19 issued by the Welsh Government, and Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

In addition, within the terms and conditions of the financial memorandum agreed between the College and Welsh Government (WG), the directors are required, through the accounting officer, to prepare financial statements for each financial period which:

- comply with the College's Instrument and Articles, all statutory requirements relating to the College's financial affairs, the Financial Memorandum, any other requirements of the Welsh Government, and any other regulations relating to the constitution and activities of the College which are relevant to its financial affairs;
- give a true and fair view of the state of affairs of the College, and its surplus or deficit and cash flows for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

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

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

# Coleg Ceredigion

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

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

### Statement of disclosure of information to auditors

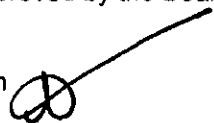
Each of the persons who were directors at the time when the Directors' Report was approved has confirmed that, so far as the directors are aware, there is no relevant audit information (i.e. information needed by the company's auditor in connection with preparing their report), of which the company's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

### Independent auditor

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

This report was approved by the Board on 12/12/19 and was signed on behalf of the Board by:

Mrs Maria Stedman  
Director



Date: 12/12/19.

# **Coleg Ceredigion**

## **CORPORATE GOVERNANCE STATEMENT**

The Company is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the Company has applied the principles set out in the Code of Good Governance for Colleges in Wales, as issued by Colegau Cymru (Colleges Wales). Its purpose is to aid users of the financial statements to understand how the principles have been applied.

In the opinion of the directors, the Company complies with all of the mandatory provisions of the code so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2019 and up to the date of this report.

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

The members of the Board of Directors are listed on page 16. It is the responsibility of the directors to bring independent judgement to issues of strategy, performance, resources and standards of conduct. The Company recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

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

The Company conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Board. These committees are Search and Governance (covers Remuneration); Learner Curriculum and Skills; Standards; Resources and Business Engagement; and Audit and Risk Management.

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

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

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

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

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

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

### ***Search and Governance committee***

Throughout the year ended 31 July 2019, the Institution's Search committee comprised four members of the Board of Directors. The committee's responsibilities are to make recommendations to the Board on the selection of directors and advisory body committee members, and on matters of governance; and determines the remuneration and conditions of employment of senior post holders,

# **Coleg Ceredigion**

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

including the Principal. Details of remuneration for the year ended 31 July 2019 are set out in note 7 to the financial statements.

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

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

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

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

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

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

### ***Resources and Business Development committee***

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

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

### ***Learner, Curriculum and Skills (and Standards) committee***

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

The committees meet on a termly basis to review all aspects of curriculum provision, delivery and performance in the Company.

### ***Internal control***

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

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

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

# **Coleg Ceredigion**

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

### ***Internal control (continued)***

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Institution policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Coleg Ceredigion for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board reviewed the key risks to which the Institution is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Institution's significant risks that has been in place for the year ending 31 July 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

The risk and control framework

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

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

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

# Coleg Ceredigion

## CORPORATE GOVERNANCE STATEMENT (continued)

### Review of effectiveness

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

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit and Risk Management committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Management committee's role in this area is confined to a high level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit and Risk Management committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2019 meeting, the Board carried out the annual assessment for the year ended 31 July 2019 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2019.

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

### Statement on regularity, propriety and compliance


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

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

### Going concern

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

By order of the Board

Mrs Maria Stedman   
Director

Date:

12/12/19



# Coleg Ceredigion

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG CEREDIGION

### Opinion

We have audited the financial statements of Coleg Ceredigion ("the College") for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, the College Statement of Changes in Reserves, the College Balance Sheet, the Cash Flow Statement and related notes, including the Statement of Principal Accounting Policies and Estimation Techniques.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2019, and of the College's income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education* and the *Accounts Direction for 2018/19* issued by the Welsh Government to further education institutions; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of the liabilities associated with the Dyfed local government pension scheme and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the colleges' future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the colleges' future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The Corporation has prepared the financial statements on the going concern basis as they do not intend to liquidate the College or to cease its operations, and as they have concluded that the College's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over the College's ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

# Coleg Ceredigion

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG CEREDIGION (Continued)

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Corporation's conclusions, we considered the inherent risks to the College's business model, including the impact of Brexit, and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the College will continue in operation.

### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

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

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

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

We have nothing to report in these respects.

### Directors' responsibilities

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

### Auditor's responsibilities

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

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

# Coleg Ceredigion

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG CEREDIGION (Continued)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

In our opinion, in all material respects:

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

- income has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions.

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

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

*Rees Batley*

**Rees Batley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

3 Assembly Square

Britannia Quay

Cardiff

CF10 4AX

Date: *16 December 2019*

# Coleg Ceredigion

## Statement of Comprehensive Income for the year ended 31 July 2019

|  |       | 2019           | 2018         |
|--|-------|----------------|--------------|
|  | Notes | £000           | £000         |
| <b>Income</b>  |       |                |              |
| Funding body grants                                      | 2     | 4,935          | 4,974        |
| Tuition fees and education contracts                     | 3     | 456            | 410          |
| Other grants and contracts                               | 4     | 228            | 201          |
| Other income   | 5     | 522            | 427          |
| Endowment and investment income                          | 6     | 2              | 1            |
| <b>Total income</b>                                      |       | <b>6,143</b>   | <b>6,013</b> |
| <b>Expenditure</b>                                       |       |                |              |
| Staff costs  | 7     | 4,907          | 4,330        |
| Fundamental restructuring costs                          | 7     | 441            | -            |
| Other operating expenses                                 | 8     | 1,407          | 1,330        |
| Depreciation   | 10    | 508            | 457          |
| Interest and other finance costs                         | 9     | 19             | 43           |
| <b>Total expenditure</b>                                 |       | <b>7,282</b>   | <b>6,160</b> |
| <b>Deficit before other gains and losses</b>             |       | <b>(1,139)</b> | <b>(147)</b> |
| <b>Deficit for the year</b>                              |       | <b>(1,139)</b> | <b>(147)</b> |
| Actuarial gain(loss) in respect of pension scheme        |       | (1,486)        | 1,354        |
| <b>Total Comprehensive income/(expense) for the year</b> |       | <b>(2,625)</b> | <b>1,207</b> |
| <b>Represented by:</b>                                   |       | <b>(2,625)</b> | <b>1,207</b> |
| <b>Unrestricted comprehensive income/(expense)</b>       |       |                |              |

All amounts are derived from continuing operations.

The accompanying notes form part of the financial statements.

# Coleg Ceredigion

## Statement of Changes in Reserves for the year ended 31 July 2019

|  | Income and<br>Expenditure<br>Account<br>£'000 | Revaluation<br>reserve<br>£'000 | Total<br>£'000 |
|--|---|---------------------------------|----------------|
| <b>Balance as at 1 August 2017</b>                                   | <b>(698)</b>                                  | <b>1,325</b>                    | <b>627</b>     |
| Deficit from the income and expenditure account                      | (147)   | -                               | (147)          |
| Other comprehensive income   | 1,354   | -                               | 1,354          |
| Transfers between revaluation and income and<br>expenditure reserves | 43  | (43)                            | -              |
|  | <b>1250</b>                                   | <b>(43)</b>                     | <b>1,207</b>   |
| <b>Balance as at 31 July 2018</b>                                    | <b>552</b>                                    | <b>1,282</b>                    | <b>1,834</b>   |
| Deficit from the income and expenditure account                      | (1,139)                                       | -                               | (1,139)        |
| Other comprehensive income   | (1,486)                                       | -                               | (1,485)        |
| Transfers between revaluation and income and<br>expenditure reserves | 43  | (43)                            | -              |
|  | <b>(2,582)</b>                                | <b>(43)</b>                     | <b>(2,624)</b> |
| <b>Balance as 31 July 2019</b>                                       | <b>(2,030)</b>                                | <b>1,239</b>                    | <b>(791)</b>   |

# Coleg Ceredigion

## Balance sheet as at 31 July 2019

|   | Notes | 2019<br>£'000  | 2018<br>£'000  |
|---|-------|----------------|----------------|
| <b>Fixed assets</b>   |       |                |                |
| Tangible fixed assets   | 10    | 4,632          | 4,881          |
| <b>Current assets</b>   |       |                |                |
| Stocks  |       | 4              | 6              |
| Trade and other receivables   | 11    | 602            | 277            |
| Cash and cash equivalents   | 15    | 585            | 792            |
|   |       | <b>1,191</b>   | <b>1,075</b>   |
| <b>Less: Creditors: amounts falling due within one year</b>           | 12    | <b>(1,821)</b> | <b>(1,094)</b> |
| <b>Net current liabilities</b>  |       | <b>(630)</b>   | <b>(19)</b>    |
| <b>Total assets less current liabilities</b>                          |       | <b>4,002</b>   | <b>4,862</b>   |
| <b>Less: Creditors - amounts falling due after more than one year</b> | 13    | <b>(1,705)</b> | <b>(1,885)</b> |
| <b>Provisions</b>   |       |                |                |
| Defined benefit obligations   | 17    | (2,700)        | (730)          |
| Other provisions  | 14    | (388)          | (413)          |
| <b>Total net assets</b>   |       | <b>(791)</b>   | <b>1,834</b>   |
| <b>Unrestricted reserves</b>  |       |                |                |
| Income and expenditure account  |       | (2,030)        | 552            |
| Revaluation reserve   |       | 1,239          | 1,282          |
| <b>Total unrestricted reserves, being total reserves</b>              |       | <b>(791)</b>   | <b>1,834</b>   |

The financial statements on pages 27 to 52 were approved and authorised for issue by the Board on 12/12/19 and were signed on its behalf on that date by:

Chair:

Date:

Mrs M Stedman

Company registration no: 08725643

Charity registration no: 154557

Director:

Date:

Mr Andrew Cornish

# Coleg Ceredigion

## Statement of Cash Flows for the year ended 31 July 2019

|  | Notes | 2019         | 2018       |
|--|-------|--------------|------------|
|  |       | £'000        | £'000      |
| <b>Cash inflow/(outflow) from operating activities</b>             |       |              |            |
| Deficit for the year   |       | (1,139)      | (148)      |
| <b>Adjustment for non-cash items</b>                               |       |              |            |
| Depreciation   |       | 508          | 457        |
| Decrease in stocks   |       | 2            | 2          |
| (Increase)/Decrease in debtors                                     |       | (326)        | 200        |
| Increase/(Decrease) in creditors due within one year               |       | 667          | 46         |
| Increase/(decrease) in creditors due after one year                |       | (368)        | (308)      |
| Increase/(decrease) in provisions                                  |       | (25)         | (19)       |
| Pensions costs less contributions payable                          |       | 485          | 274        |
| <b>Adjustment for investing or financing activities</b>            |       |              |            |
| Investment income  |       | -            | -          |
| Interest payable   |       | -            | -          |
| <b>Net cash flow from operating activities</b>                     |       | <b>(196)</b> | <b>504</b> |
| <b>Cash flows from investing activities</b>                        |       |              |            |
| Investment income  |       | -            | -          |
| Payments made to acquire fixed assets                              |       | (259)        | (85)       |
| Grants received  |       | 248          | 111        |
|  |       | (11)         | 26         |
| <b>Increase(decrease) in cash and cash equivalents in the year</b> |       | <b>(207)</b> | <b>530</b> |
| Cash and cash equivalents at beginning of the year                 | 15    | 792          | 262        |
| Cash and cash equivalents at end of the year                       | 15    | 585          | 792        |

# **Coleg Ceredigion**

## **Notes to the financial statements**

**for the year ended 31 July 2019**

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

Coleg Ceredigion is a company limited by guarantee and incorporated and domiciled in the United Kingdom

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 Companies Act, the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the Accounts Direction for Further Education Colleges in Wales 2017/18 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.

#### **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 to FRS 102 for certain non-current assets. The accounting rules set out below have been applied consistently.

#### **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.

Coleg Sir Gar has provided a letter of support indicating, as the parent company, that it will provide financial support for a period of at least 12 months from the date of signing the 2019 financial statements, to enable the College to settle its obligations as they fall due. In this context the Board has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future and therefore 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 2019 (continued)

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

#### Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with amounts received in year. Any under or over achievement is estimated, 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.

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

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 comprehensive income.

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

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

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

#### Short term Employment benefits

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

#### Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income 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. Further building improvements have historically been depreciated over 10 years or over the useful economic life of the asset. 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 £3,000 per individual item is written off to the income and expenditure account in the period of acquisition. Grouped items, which are in aggregate above the threshold but individually under, will be reviewed specifically to determine the approach. Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- motor vehicles and general equipment 4 years
- computer equipment 3 years
- furniture, fixtures and fittings 4 years

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (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.

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

#### Financial assets, liabilities and equity

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

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.

#### 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 2019 (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 College'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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2019. 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 2019 (continued)

### 2 Funding body grants

|                                     | 2019         | 2018         |
|-------------------------------------|--------------|--------------|
|                                     | £000         | £000         |
| Recurrent grant                     | 4,287        | 4,352        |
| Work based learning                 | 150          | 184          |
| Releases of deferred capital grant: |              |              |
| Buildings                           | 133          | 133          |
| Equipment                           | 235          | 175          |
| Other Revenue Grants                | 130          | 130          |
|                                     | <b>4,935</b> | <b>4,974</b> |

### 3 Tuition fees and education contracts

|  | 2019       | 2018       |
|--|------------|------------|
|  | £000       | £000       |
| UK Further Education students                          | 25         | 142        |
| UK Higher Education students                           | 164        | 24         |
| Total fees paid by or on behalf of individual students | 189        | 166        |
| Higher Education contracts                             | 10         | 10         |
| Other contracts  | 257        | 234        |
|  | <b>456</b> | <b>410</b> |

### 4 Other grants and contracts

|                     | 2019 | 2018 |
|---------------------|------|------|
|                     | £000 | £000 |
| European Commission | 228  | 201  |

### 5 Other income

|                                    | 2019       | 2018       |
|------------------------------------|------------|------------|
|                                    | £000       | £000       |
| Catering and residences            | 167        | 171        |
| Other income-generating activities | 165        | 155        |
| Other income                       | 0          | 0          |
| Non-government capital grants      | 0          | 0          |
| Miscellaneous income               | 190        | 101        |
| <b>Total</b>                       | <b>522</b> | <b>427</b> |

### 6 Endowment and investment income

|                           | 2019 | 2018 |
|---------------------------|------|------|
|                           | £000 | £000 |
| Other interest receivable | 2    | 1    |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (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:

|                                   | 2019<br>Number | 2018<br>Number |
|-----------------------------------|----------------|----------------|
| Teaching staff                    | 84             | 80             |
| Non-Teaching                      | 40             | 42             |
|                                   | <hr/>          | <hr/>          |
|                                   | 124            | 122            |
| Staff costs for the above persons |                |                |
|                                   | 2019<br>£000   | 2018<br>£000   |
| Wages and salaries                | 3,564          | 3,319          |
| Social security costs             | 318            | 280            |
| Other pension costs               | 1,025          | 731            |
|                                   | <hr/>          | <hr/>          |
|                                   | 4,907          | 4,330          |
| Staff Restructuring               | 441            | -              |
|                                   | <hr/>          | <hr/>          |
|                                   | 5,348          | 4,330          |

#### Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Key management personnel represent the 4 members of the management team

| Number of Key management personnel, Accounting Officer                       | and other higher paid staff |            |
|--|-----------------------------|------------|
|  | 2019<br>No                  | 2018<br>No |
| The number of key management personnel including the Accounting Officer was: | 4                           | 4          |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (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 |      |
|--------------------|--------------------------|------|-------------|------|
|                    | 2019                     | 2018 | 2019        | 2018 |
|                    | No                       | No   | No          | No   |
| £60,001 to £70,000 | -                        | -    | -           | -    |
| £70,001 to £80,000 | -                        | -    | -           | -    |

Key management personnel emoluments are made up as follows:-

|                         | 2019<br>£'000 | 2018<br>£'000 |
|-------------------------|---------------|---------------|
| Salaries                | 212           | 189           |
| Benefits in kind        | -             | -             |
|                         | <b>212</b>    | <b>189</b>    |
| Pension contributions   | 32            | 30            |
| <b>Total emoluments</b> | <b>244</b>    | <b>219</b>    |

Emoluments paid to the highest paid staff member (not included in above)

|                       | 2019<br>£'000 | 2018<br>£'000 |
|-----------------------|---------------|---------------|
| Salaries              | 80            | 79            |
| Benefits in kind      | 1             | 1             |
|                       | <b>81</b>     | <b>80</b>     |
| Pension contributions | 13            | 13            |

Emoluments paid to the highest paid staff member relate to the former Principal of Coleg Ceredigion. The former Principal has been included in the staff headcount but is seconded to UWTSD. Total salary related costs of £105,000 were reimbursed by UWTSD. The former Principal ceased employment on 31<sup>st</sup> July 2019, redundancy costs of £45k are included in restructuring costs.

£102,000 was recharged by Coleg Sir Gar to recover an element of the Principal, Assistant Principals and Directors, who are on the payroll of Coleg Sir Gar but who's time is spent between Coleg Sir Gar and Coleg Ceredigion. The recharge includes £19,713 towards the payment of the Principal's salary. Further details of the Principal's emoluments can be found in the Coleg Sir Gar financial statements.

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 8 Other operating expenses

|                    | 2019<br>£'000 | 2018<br>£'000 |
|--------------------|---------------|---------------|
| Teaching costs     | 407           | 293           |
| Non-teaching costs | 708           | 697           |
| Premises           | 292           | 340           |
|                    | <b>1,407</b>  | <b>1,330</b>  |

#### Other operating expenses include:

|                                       | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------|--------------|--------------|
| Auditor's remuneration:               |              |              |
| Financial statements audit            | 16           | 18           |
| Other audit related services          | -            | 5            |
| Tax compliance services               | -            | -            |
| Internal audit                        | 4            | 8            |
| Hire of assets under operating leases | 27           | 36           |

### 9 Interest and other finance costs

|                                 | 2019<br>£000 | 2018<br>£000 |
|---------------------------------|--------------|--------------|
| Pension finance costs (note 17) | 19           | 43           |

### 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 2018                      | 7,478                                     | 3,727             | 11,205        |
| Additions                             | 8   | 251               | 259           |
| Disposals                             | -   | -                 | -             |
| <b>At 31 Jul 2019</b>                 | <b>7,486</b>                              | <b>3,978</b>      | <b>11,464</b> |
| <b>Depreciation</b>                   |   |                   |               |
| At 1 August 2018                      | 3,245                                     | 3,079             | 6,324         |
| Charge for the year                   | 184                                       | 324               | 508           |
| Eliminated on disposal                | -   | -                 | -             |
| <b>At 31 Jul 2019</b>                 | <b>3,429</b>                              | <b>3,403</b>      | <b>6,832</b>  |
| <b>Net book value at 31 July 2019</b> | <b>4,057</b>                              | <b>575</b>        | <b>4,632</b>  |
| Net book value as at 31 July 2018     | 4,233                                     | 648               | 4,881         |



# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 11 Trade and other receivables

|                                       | 2019<br>£'000 | 2018<br>£'000 |
|---------------------------------------|---------------|---------------|
| Amounts falling due within one year:- |               |               |
| Trade receivables                     | 150           | 77            |
| Amounts owed by group undertaking:    | 52            | 44            |
| Prepayments and accrued income        | 400           | 156           |
| <b>Total</b>                          | <b>602</b>    | <b>277</b>    |

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

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Trade payables                              | 137           | 115           |
| Amounts owed to group undertakings          | 825           | 165           |
| Other taxation and social security          | 133           | 139           |
| Accruals and deferred income                | 358           | 367           |
| Deferred income - government capital grants | 368           | 308           |
| <b>Total</b>                                | <b>1,821</b>  | <b>1,094</b>  |

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

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Deferred income - government capital grants | 1,705         | 1,885         |

### 14 Provisions

|                         | Enhanced Pensions<br>£'000 |
|-------------------------|----------------------------|
| At 1 August 2018        | 413                        |
| Expenditure in the year | (31)                       |
| Additions in year       | 6                          |
| <b>At 31 July 2019</b>  | <b>388</b>                 |

The enhanced pension provision relates to the cost of staff that 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:

|                 | 2019 | 2018 |
|-----------------|------|------|
| Price inflation | 3.5% | 3.5% |
| Discount rate   | 1.7% | 1.7% |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 15 Cash and cash equivalents

|                           | At1<br>August<br>2018<br>£'000 | Cash flows<br>£'000 | Other<br>changes<br>£'000 | At 31 July<br>2019<br>£'000 |
|---------------------------|--------------------------------|---------------------|---------------------------|-----------------------------|
| Cash and cash equivalents | 792                            | (207)               | 0                         | 585                         |

### 16 Lease Obligations

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

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| <b>Future minimum lease payments due</b>          |               |               |
| <b>Other than land and buildings</b>              |               |               |
| Not later than one year                           | 23            | 31            |
| Later than one year and not later than five years | 9             | 32            |
|   | <u>32</u>     | <u>63</u>     |

### 17 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>                       | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| Teachers' Pension Scheme: contributions paid                 | 317           | 299           |
| Local Government Pension Scheme:                             |               |               |
| Contributions paid   | 217           | 195           |
| FRS 102 (28) charge  | 485           | 274           |
| Charge to the Statement of Comprehensive Income              | 702           | 469           |
| Enhanced pension charge to Statement of Comprehensive Income | 6             | 13            |
| <b>Total Pension Cost for Year</b>                           | <u>1,025</u>  | <u>781</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 2016.

Contributions amounting to £43,000 (2018: £40,000) were payable to the TPS scheme and £25,000 (2018: £23,000) were payable to the LGPS scheme at the year-end and are included in creditors.

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 17 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.

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 2019 (continued)

### 17 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 £299,000 (2017: £292,000).

#### 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 2019 was £297,000, of which employer's contributions totaled £217,000 and employees' contributions totaled £80,000. The agreed contribution rate for future years is 16.2% for employers. Employee contributions range from 5.5% to 7.5% cent, depending on salary.

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 July 2019 by a qualified independent actuary

|                                      | 2019  | 2018  |
|--------------------------------------|-------|-------|
| Rate of increase in salaries         | 3.70% | 3.70% |
| Future pensions increases            | 2.30% | 2.30% |
| Discount rate for scheme liabilities | 2.10% | 2.90% |
| Inflation assumption (CPI)           | 2.20% | 2.20% |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 17 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:

|                       | <b>2019</b>  | 2018  |
|-----------------------|--------------|-------|
|                       | <b>years</b> | years |
| <i>Retiring today</i> |              |       |
| Males                 | <b>23.00</b> | 22.90 |
| Females               | <b>25.70</b> | 25.60 |
| <br>                  |              |       |
| Males                 | <b>25.20</b> | 25.10 |
| Females               | <b>28.10</b> | 27.90 |

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

|                                     | <b>Long-term rate of return expected at 31 July 2019</b> | Fair Value at 31 July 2019 | Long-term rate of return expected at 31 July 2018 | Fair Value at 31 July 2018 |
|-------------------------------------|--|----------------------------|---|----------------------------|
|                                     |  | £'000                      |   | £'000                      |
| Equities                            | <b>71.40%</b>  | 7,929                      | <b>70.60%</b>                                     | 7,407                      |
| Government Bonds                    | <b>4.80%</b>   | 533                        | <b>8.70%</b>                                      | 913                        |
| Other Bonds                         | <b>10.20%</b>  | 1,133                      | <b>9.40%</b>                                      | 986                        |
| Property                            | <b>12.30%</b>  | 1,366                      | <b>10.90%</b>                                     | 1,144                      |
| Cash                                | <b>1.30%</b>   | <u>144</u>                 | <b>0.40%</b>                                      | <u>42</u>                  |
| <b>Total market value of assets</b> |  | <u>11,105</u>              |   | <u>10,492</u>              |
| <b>Actual return on plan assets</b> |  | <u>637</u>                 |   | <u>903</u>                 |

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

|                                   | <b>2019</b>     | 2018     |
|-----------------------------------|-----------------|----------|
|                                   | <b>£'000</b>    | £'000    |
| Fair value of plan assets         | <b>11,105</b>   | 10,492   |
| Present value of plan liabilities | <b>(13,805)</b> | (11,222) |
| <b>Net pensions (liability)</b>   | <b>(2,700)</b>  | (730)    |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 17 Defined benefit obligations (continued)

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

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| <b>Amounts included in staff costs</b> |               | -             |
| Current services cost                  | (406)         | (419)         |
| Administration charge                  | (106)         | (7)           |
| Curtailment cost                       | (171)         | -             |
| <b>Operating cost</b>                  | <b>(683)</b>  | <b>(426)</b>  |

#### Amounts included in interest and other finance

|              |      |      |
|--------------|------|------|
| Net interest | (19) | (43) |
|--------------|------|------|

#### Amounts recognised in Other Comprehensive Income

|   |                |              |
|---|----------------|--------------|
| Return on pension plan assets   | 334            | 662          |
| Changes in assumptions underlying the present value of plan liabilities | (1,820)        | 692          |
| <b>Amount recognised in Other Comprehensive income/(expense)</b>        | <b>(1,486)</b> | <b>1,354</b> |

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

|   | 2019<br>£'000  | 2018<br>£'000 |
|---|----------------|---------------|
| Deficit in scheme at 1 August                                 | (730)          | (1,810)       |
| Movement in year:   |                |               |
| Current service cost  | (406)          | (419)         |
| Employer contributions  | 217            | 195           |
| Net interest on the defined (liability)/asset                 | (19)           | (43)          |
| Administration charge/curtailment fee                         | (276)          | (7)           |
| Actuarial gain(loss)  | (1,486)        | 1,354         |
| <b>Net defined benefit pension liability asset at 31 July</b> | <b>(2,700)</b> | <b>(730)</b>  |

#### Asset and liability reconciliation

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| <b>Changes in the present value of defined benefit obligations</b> |               |               |
| <b>Defined benefit obligations at start of year</b>                | <b>11,222</b> | <b>11,512</b> |
| Current Service cost   | 406           | 419           |
| Interest cost  | 323           | 284           |
| Contributions by Scheme participants                               | 80            | 76            |
| Changes in financial assumptions                                   | 1,820         | (692)         |
| Estimated benefits paid  | (314)         | (377)         |
| Past Service cost  | 268           | -             |
| <b>Defined benefit obligations at end of year</b>                  | <b>13,805</b> | <b>11,222</b> |

# Coleg Ceredigion

## Notes to the financial statements for the year ended 31 July 2019 (continued)

### 17 Defined benefit obligations (continued)

#### Reconciliation of assets

|   | 2019          | 2018          |
|---|---------------|---------------|
|   | £'000         | £'000         |
| <b>Fair value of plan assets at start of year</b> | <b>10,492</b> | <b>9,702</b>  |
| Interest on plan assets                           | 304           | 241           |
| Return on plan assets                             | 334           | 662           |
| Employer contributions                            | 217           | 195           |
| Administration Charge                             | (8)           | (7)           |
| Contributions by Scheme participants              | 80            | 76            |
| Estimated benefits paid                           | (314)         | (377)         |
| <b>Assets at end of year</b>                      | <b>11,105</b> | <b>10,492</b> |

On 26 October, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The impact of this judgement is included within the calculations.

### 18 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 £Nil; 4 governors (2018: £295; 4 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 (2018: None).

The following transactions were undertaken during the year and balances held with related parties at the year-end:

#### **University of Wales: Trinity Saint David - Parent**

Receivable £51,774 (2018 £44,391) Payable £13,936 (2018 £9,936)

Total Income for the year £215,722 (2018 £255,208)

Total Purchases for the year £4,574 (2018 £10,084)

#### **Coleg Sir Gar - Group Member**

Receivable £170,044 (2018 £nil) Payable £810,740 (2018 £155,024)

Total Income for the year £171,594 (2018  
£1,500)

Total Purchases for the year £157,531 (2018  
£155,024)

#### **Fforwm Services Limited**

Total income for the year £25,829 (2018:£13,500)

Total purchases for the year £nil (2018:£nil)

Note : Transactions for group companies are for services rendered during the year.

# Coleg Ceredigion

## Notes to the Financial Statements

### For the year ended 31 July 2019 (Continued)

#### 19 Amounts disbursed as agent

##### FINANCIAL CONTINGENCY FUND

|                       | 2019<br>£'000 | 2018<br>£'000 |
|-----------------------|---------------|---------------|
| Balance b/f           | 13            | 16            |
| Grant Received        | 131           | 130           |
|                       | <b>144</b>    | <b>146</b>    |
| Disbursed to students | (128)         | (129)         |
| Administration costs  | (4)           | (4)           |
|                       | <b>12</b>     | <b>13</b>     |

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.

#### 20 Ultimate parent undertaking

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

University of Wales: Trinity Saint David

Carmarthen Campus

Carmarthen

SA31 3EP