

**Company registered No: 7550507**

**Charity registered No: 1143525**

## **Y COLEG CYMRAEG CENEDLAETHOL**

### **Report of the Trustees and Financial Statements For the year ended 31 March 2018**

# **Report of the Trustees and financial statements for the year ended 31 March 2018**

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## Legal and administrative information

### Trustees and Directors

<b>Chair</b>	Dr Haydn E. Edwards
<b>Directors</b>	Pedr ap Llwyd (Appointed 1 April 2018) William David Callaway Professor Iwan Rhun Davies Dr Thomas Gerald Hunter Gwilym Dyfri Jones Dr Thomas Hefin Jones Dr Rhodri Llwyd Morgan Llinos Ann Roberts (Appointed 1 April 2018) Professor Hywel Rhys Thomas Ieuan Wyn
<b>Registered office</b>	Y Llwyfan Heol Y Coleg Caerfyrddin Sir Gaerfyrddin SA31 3EQ
<b>Registered number</b>	07550507 (England and Wales)
<b>Status</b>	Company limited by guarantee
<b>Charity number</b>	1143525

## **Report of the Trustees for the year ended 31 March 2018**

The Trustees are pleased to present their annual directors' report, together with the financial statements of the Charity for the year ended 31 March 2018 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Reporting by Charities, Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Statement applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) (Charities SORP (FRS102)).

### **Chair's Report**

Significant further strides have been taken during the year towards meeting the Coleg's objectives, at a time of constant change and significant financial uncertainty within the Higher Education sector in Wales and beyond. During the year we have conducted considerable analysis of the progress of Welsh medium teaching at institutions supported by the Coleg. The clear growth in student numbers, staff teaching in Welsh and the breadth and depth of Welsh medium provision across universities is significant. The Coleg has welcomed the decision of Welsh Government, following the recommendations by a Task and Finish Group chaired by Delyth Evans, to extend the remit of the Coleg to include the Further Education (FE) and Work Based Learning (WBL) sectors. Since January 2018 we have been working with colleagues in Welsh Government and the FE and WBL sectors to ensure a robust and ambitious plan is put in place, backed by suitable resources.

2017/18 was a landmark year for the Coleg as a significant proportion of the funding for the Academic Staffing Scheme came to an end and the transition to subject grants and university funding moved forward. I am very pleased to report that the vast majority of these lecturers were offered permanent contracts by their institutions and continue to teach through the medium of Welsh. 9 PhD Scholarships (jointly funded) were awarded during 2017/18, while a number of previous scholarship holders successfully completed their doctorates, and a number of others were appointed to academic or academic-related posts in universities. The Coleg's Branches in universities have been active in recruiting student and staff members to the Coleg. They have delivered a wide-ranging (and popular) programme of events and lectures for students and staff alike. The Coleg's electronic learning platforms continued to develop with a wide range of university modules and resources now hosted on Y Porth, the Coleg's virtual learning environment.

Over 3,000 students, over 3,000 prospective students, and over 900 staff were registered as members of the Coleg's academic community. Over 400 student (undergraduate and masters) scholarships were awarded. Three editions of the Coleg's research journal Gwerddon were published, along with a range of electronic resources in Welsh including new monographs and republishing digitally a number of out of print works. Gwerfyl Roberts, and Professor Gareth Roberts were inaugurated honorary fellows of the Coleg.

## **Report of the Trustees for the year ended 31 March 2018 (continued)**

### **Our purpose and activities**

#### **Charitable objects**

The object of the Coleg shall be, for the benefit of the public, to advance learning and knowledge by:

- (a) promoting, maintaining, developing and planning Welsh medium and Welsh language provision and related activities in higher education, further education and continuing education in Wales, working with and through higher education institutions, further education institutions, schools and partner organisations in Wales; and
- (b) promoting, maintaining, developing and planning learning, acquiring, enhancing and improving the Welsh language communication skills of people generally, working with appropriate institutions in Wales or elsewhere.

#### **Public benefit**

The Trustees have taken into consideration the Charity Commissions' guidance on public benefit and recognised the two principles of public benefit and consider that as a charity the Coleg meets them. The Objectives of the Coleg are noted above.

- a) That there must be an identifiable benefit or benefits and they must be clear, related to the aims of the Coleg and must be balanced against any detriment or harm.
- b) That the benefits must be to the public or to a section of the public. That the beneficiaries must be appropriate to the aims and, if to a section of the public, must not be unreasonably restricted and that those in poverty must not be excluded from the opportunity to benefit.
- c) The potential beneficiaries of the Coleg's activities are those individuals who wish to undertake Welsh-medium or Welsh language higher education. This is open to all those who have the required skills and determination to seek higher education in this way.

#### **Achievements and performance**

These are set out in the Chair's Report.

#### **Plans for future periods**

We envisage that a number of significant developments will take place in the coming year. Following the extension of the Coleg's responsibilities to include the Further Education and Work Based Learning sectors, the Report prepared by the Planning Group established jointly by Welsh Government and the Coleg will be published. The Report outlines a bold and ambitious strategy to develop Welsh medium provision in the post-compulsory sector and a number of initial steps will be initiated during the year. In relation to the Coleg's overall strategy, including its continuing role in Higher Education, a new Strategic Plan will be prepared and consulted upon during the year.

## **Report of the Trustees for the year ended 31 March 2018 (continued)**

### **Directors**

The directors who were in office during the year and up to the date of signing the financial statements are disclosed on page 1. The following changes in directors have taken place during the year and up to the date of signing of the financial statements:

Fflur Elin (resigned 26 June 2017)  
Ellen Rose Jones (resigned 29 April 2018)  
Linda Caroline Wyn (resigned 31 March 2018)  
Dr Gwyn Lewis (resigned 31 July 2018)

### **Financial review**

The results and financial position for the year ended 31 March 2018 are set out on pages 12 to 22. Revenue arises largely from funds received from the Welsh Government (period ended 31 March 2017: Higher Education Funding Council for Wales). The major part of the costs in the year have been costs related to the funding of the Coleg's programme of activities, in the form of grant funding to universities and the central costs of operating the Coleg.

### **Reserves policy and going concern**

The Trustees are satisfied that the Coleg's assets are adequate to fulfil its obligations in relation to its projected commitments.

The levels of reserves held are considered appropriate to ensure that the Coleg can meet its objectives and are consistent with the Reserves Policy.

### **Structure, governance and management**

The Board comprises the Chair and twelve members appointed in accordance with the Instrument of Government of the Coleg. A clear distinction is drawn between the role of the Chair and that of the Coleg's Chief Executive. Those matters specifically reserved to the Board for decision are set out in the Articles of Association of the Coleg. The Board holds to itself the responsibilities for the ongoing strategic direction of the Coleg, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board usually meets three times a year and, following a governance review, has three standing Committees (Academic Board, Audit and Risk Committee, and Finance and General Purposes Committee).

The Academic Board advises the Board of Directors on academic matters. It maintains a permanent focus on academic planning within the Coleg, and leads the process of monitoring progress against targets noted in the Academic Strategy along with overseeing the formal reviews of the relevant subject plans.

## **Report of the Trustees for the year ended 31 March 2018 (continued)**

### **Structure, governance and management (continued)**

The Audit and Risk Committee reviews the process for ensuring the effectiveness of the financial and other (non-academic) internal control systems. The Audit and Risk Committee also makes recommendations on the appointment of external auditors and internal auditors and reviews the financial statements of the Coleg and prior to submission to the Board, reviews the management letter, and receives and considers progress reports on areas of significant risk identified by academic management. In addition the Audit and Risk Committee receives and considers reports as they affect the Coleg's business and monitors adherence with regulatory requirements. Whilst senior officers attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee.

The Coleg's internal Auditors, Baldwins have conducted several reviews during 2017/18 including reviews on budgeting, risk management and payroll.

The Coleg as a charitable company is governed by its Memorandum and Articles of Association, which provide for the appointment and re-appointment of Trustees.

Trustees are appointed for an initial term of four years, renewable for a maximum of another four year term. Meetings of the Trustees are attended by members of the Coleg's management team, in particular the Chief Executive and members of the senior management team, who present papers on their areas of responsibility.

The Trustees exercise oversight and supervision of all the Coleg's main functional areas, including academic development and planning, finance, human resources, staff development, marketing / communications, and information services.

The Trustees decide on the strategy for the Coleg. The implementation of the strategy and the operational management is delegated to the Chief Executive and his colleagues.

The Coleg is committed to high standards of corporate governance. This statement describes how the relevant principles of corporate governance are applied to the Coleg.

## Report of the Trustees for the year ended 31 March 2018 (continued)

### Risk management strategy

The Board carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The directors discharge this responsibility through the following elements:

- Effective review by the board and relevant committees, particularly Audit and Risk;
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems;
- The identification and management of risk embedded in all business systems.

The Coleg's approach for the effective management of risk is set out below:

- The Coleg focuses on the active management of risk as an integral part of the management process within every part of the organisation;
- As part of the risk management framework, the Coleg clearly identifies risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the Coleg's reputation, its financial position or its day to day operations or any combination thereof;
- The Coleg actively encourages all managers to consider risk implications of each major decision, contract or project as a normal part of their day to day work;
- The Coleg integrates risk management into the annual planning process which is the means by which the Board of Directors determine and co-ordinate the Coleg's academic and other activities;
- The Board and the senior management team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the Coleg's risk register;
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The management team effectively operates the risk management procedures as part of the day to day operation of the company.
- The Board requires the Audit and Risk Committee to undertake an assessment three times a year of significant risk through a snapshot assessment, and the Coleg's Risk Register has been further developed and enhanced in consultation with internal audit. The assessment is recorded through the risk register and is part of the ongoing process of risk management. The risk register identifies significant risks and contains details of:
  - the nature of the risk
  - its potential and likelihood of the impact
  - the 'owner' of the risk
  - the control processes which manage the risk
  - the potential and likelihood of the impact following the control processes

The Audit and Risk Committee regularly reviews the adequacy of the process of risk management at the Coleg as it continues to be developed.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Coleg's significant risks that has been in place for the year ended 31 March 2018 and in place up to the date of approval of the annual report and financial statements and that it is regularly reviewed by the Board.

## **Report of the Trustees for the year ended 31 March 2018 (continued)**

### **Statement of Trustees' responsibilities**

The Trustees (who are also directors of Y Coleg Cymraeg Cenedlaethol for the purposes of company law) are responsible for preparing the Report of the Trustees and financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial period. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditors**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors' are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## **Report of the Trustees for the year ended 31 March 2018 (continued)**

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Section 487(2) of the Companies Act 2006.

### **Small companies exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on *13 December 2018* and signed on their behalf by:

**Name: Dr Haydn E Edwards  
Y Coleg Cymraeg Cenedlaethol**



# ***Independent auditors' report to the members of Y Coleg Cymraeg Cenedlaethol***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Y Coleg Cymraeg Cenedlaethol's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report of the Trustees and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the statement of financial activities (including the income and expenditure account), the statement of cash flows for the year then ended; and the notes to the financial statements.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

## ***Independent auditors' report to the members of Y Coleg Cymraeg Cenedlaethol (continued)***

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Report of the Trustees**

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Trustees. We have nothing to report in this respect.

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

### **Responsibilities of the trustees for the financial statements**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 7, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also 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.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## ***Independent auditors' report to the members of Y Coleg Cymraeg Cenedlaethol (continued)***

### **Use of this report**

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

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### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

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#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Report of the Trustees; and take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

*Ian Clarke*

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

Date: *13 December 2018*

Company registered no: 7550507  
Charity registered no: 1143525

## Statement of financial activities (including the income and expenditure account) for the year ended 31 March 2018

		Year ended 31 March	8 months ended 31 March
		2018	2017
	Note		
<b>Income</b>		<b>£000</b>	<b>£000</b>
Donations	3	6,138	5,977
Investment income		5	11
<b>Total incoming resources</b>		<b>6,143</b>	<b>5,988</b>
<b>Expenditure</b>			
Charitable activities	4	(6,172)	(5,835)
<b>Total expenditure</b>		<b>(6,172)</b>	<b>(5,835)</b>
<b>Net (expense)/income for the year/period</b>		<b>(29)</b>	<b>153</b>
<b>Reconciliation of funds</b>			
Fund balances brought forward at the beginning of the year/period		2,903	2,750
<b>Fund balances carried forward at the beginning of the year/period</b>		<b>2,874</b>	<b>2,903</b>

All gains and losses recognised in the year are included in the Statement of Financial Activities.

All incoming resources and resources expended are derived from continuing activities.

## Balance sheet as at 31 March 2018

	Note	31 March 2018 £000	31 March 2017 £000
<b>Fixed assets</b>			
Tangible assets	6	38	59
<b>Current Assets</b>			
Debtors	7	204	41
Cash at bank and in hand		2,990	3,102
<b>Total current assets</b>		<b>3,194</b>	<b>3,143</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(130)</b>	<b>(46)</b>
<b>Net current assets</b>		<b>3,064</b>	<b>3,097</b>
<b>Total assets less current liabilities</b>			
Pension provision	9	(228)	(253)
<b>Net assets</b>		<b>2,874</b>	<b>2,903</b>
<b>The funds of the charity</b>			
Total charity funds / unrestricted income funds		2,874	2,903

The trustees have prepared the accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements on pages 12 to 22 were approved by the Trustees and signed on their behalf by:

Dr Haydn E Edwards  
Director  
Date 13/12/18



The notes form part of these financial statements.

**Statement of cash flows  
for the year ended 31 March 2018**

	Year ended 31 March 2018 £000	8 months ended 31 March 2017 £000
Cash (used)/provided by operating activities (see below)	(106)	92
<b>Cash flows from investing activities</b>		
Interest income	5	11
Purchase of tangible fixed assets	(11)	(36)
<b>Cash used in investing activities</b>	<b>(6)</b>	<b>(25)</b>
<b>(Decrease)/increase in cash and cash equivalents in the year/period</b>	<b>(112)</b>	<b>67</b>
Cash and cash equivalents at the beginning of the year/period	3,102	3,035
<b>Total cash and cash equivalents at the end of the year/period</b>	<b>2,990</b>	<b>3,102</b>

**Reconciliation of net movements in funds to net cash flow from operating activities**

	Year ended 31 March 2018 £000	8 months ended 31 March 2017 £000
Net movement in funds	(29)	153
Add back depreciation charge	27	12
Add back loss on disposal of tangible assets	5	-
Deduct interest income shown in investing activities	(5)	(11)
(Increase)/decrease in debtors	(163)	40
Increase/(decrease) in creditors	84	(47)
Movement in pension provision	(25)	(55)
<b>Net cash (used)/provided by operating activities</b>	<b>(106)</b>	<b>92</b>

# Notes to the financial statements for the year ended 31 March 2018

## 1 Statement of Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### (a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

### (b) Taxation

As a registered charity, the charity is generally exempt from corporation tax under sections 466 to 493 Corporation Tax Act 2010, provided the income arising is applied for charitable purposes. Section 256 TCGA 1992 also provides an exemption from tax on capital gains, provided the gains are applied for charitable purposes. No tax charge arises in the year.

### (c) Income and recognition policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The Charity has entitlement to the funds;
- Any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

### (d) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

### (e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

### (f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities including the costs of educational activities undertaken to further the purposes of the charity and their associated support costs; and
- Other expenditure represents those items not falling into any other heading.

### (g) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance personnel, payroll and governance costs which support the educational activities. The bases on which support costs have been allocated are set out in note 4.

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### (h) **Tangible fixed assets**

Fixed assets are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

	<b>Annual rate</b>
Office equipment	10-25%
Computer equipment	33%

### (i) **Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

### (j) **Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### (k) **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

### (l) **Financial instruments**

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### (m) **Pension schemes**

The principal defined benefit pension scheme for the Coleg's staff is the Universities Superannuation Scheme (USS). The scheme is a funded defined benefit scheme and is contracted out of the State Earnings-Related Pension Scheme until 31 March 2016. The funds are actuarially valued every three years by a professionally qualified actuary using either the aggregate method or the attained age method with the rates of contribution payable being determined by the scheme's trustees on the advice of the actuary.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to Coleg members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### (m) Pension schemes (continued)

#### Significant estimates and judgements

Significant estimates and judgements used in the preparation of this financial information were as follows:

##### (i) Retirement benefit obligations

The USS is accounted for as a defined contribution scheme as insufficient information is available to use defined benefit accounting. However, as the Coleg is contractually obliged to pay contributions into the USS to fund past deficits, this obligation is provided for on the balance sheet.

The deficit recovery plan put in place by the USS sets out the proportion of annual contributions that relate to past deficit recovery, and the period for which these are committed. These committed deficit contributions are re-assessed with each triennial valuation of the scheme, and form the basis of the provision, together with assumptions on appropriate inflation and discount factors. The reasonableness of these assumptions impact the level of the provision.

### 2 Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member.

### 3 Incoming Resources from charitable activities

#### Donations

	Year ended 31 March  2018 £000	8 month period ended 31 March 2017 £000
Welsh Government grants	5,400	-
Funding Council grants	330	5,766
Other income	408	211
<b>Total</b>	<b>6,138</b>	<b>5,977</b>

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### 4 Analysis of expenditure

The key items of expenditure are as follows:

	Year ended 31 March 2018 £000	8 month period ended 31 March 2017 £000
<b>Charitable activities</b>		
Funding of Education projects	4,460	4,747
Coleg employment costs – direct	447	228
Coleg employment costs – support	541	348
Governance costs	50	38
Support costs	674	474
	<b>6,172</b>	<b>5,835</b>

	Year ended 31 March 2018 £000	8 month period ended 31 March 2017 £000
<b>Support costs</b>		
Marketing and communications	171	98
Training	68	39
Network agreement costs	246	141
Rent	99	57
Administration	90	139
	<b>674</b>	<b>474</b>

Costs are allocated to support costs based on an analysis of the purpose for which the costs were incurred.

	Year ended 31 March 2018 £000	8 month period ended 31 March 2017 £000
<b>Governance costs</b>		
External audit	14	13
Internal audit	12	6
Trustee meetings	24	19
	<b>50</b>	<b>38</b>

Resources expended include the following costs:

	Year ended 31 March 2018 £000	8 month period ended 31 March 2017 £000
Depreciation	27	12
Auditors' remuneration	14	13

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### 5 Analysis of staff costs and trustees' remuneration and expenses

Trustees received no emoluments during the year (period ended 31 March 2017: £nil).  
Expenses of £23,646 (period ended 31 March 2017: £19,477) have been paid to the trustees.  
Expenses were paid to 7 trustees (period ended 31 March 2017: 7).

#### Staff costs

The average monthly number of persons employed by the Coleg during the year was 23  
(period ended 31 March 2017: 22).

	Year ended 31 March	8 month period ended 31 March
	2018	2017
	£000	£000
Wages and salaries	763	488
Social security costs	81	52
Other pension costs	119	36
	<b>988</b>	<b>576</b>

Set out below are details of employees with salaries in excess of £60,000:

	Year ended 31 March	8 month period ended 31 March
	2018	2017
	Number	Pro rata Number
£70,000 – £80,000	1	1

### 6 Tangible fixed Assets

	Office equipment £000	Computer equipment £000	Total £000
<b>Cost</b>			
At 1 April 2017	52	146	198
Additions	3	8	11
Disposals	(5)	-	(5)
<b>At 31 March 2018</b>	<b>50</b>	<b>154</b>	<b>204</b>
<b>Accumulated depreciation</b>			
At 1 April 2017	33	106	139
Charge for the year	8	19	27
<b>At 31 March 2018</b>	<b>41</b>	<b>125</b>	<b>166</b>
<b>Net book value</b>			
<b>At 31 March 2018</b>	<b>9</b>	<b>29</b>	<b>38</b>
At 31 March 2017	19	40	59

**Notes to the financial statements  
for the year ended 31 March 2018 (continued)**

7	<b>Debtors</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
	Trade debtors	100	5
	Prepayments and accrued income	104	36
		<b>204</b>	<b>41</b>
8	<b>Creditors: amounts falling due within one year</b>	<b>31 March 2018 £000</b>	<b>31 March 2017 £000</b>
	Trade creditors	52	12
	Other tax and social security	21	19
	Accruals	57	15
	Total	<b>130</b>	<b>46</b>
9	<b>Pension provision</b>		<b>Obligation to fund deficit on USS pension £000</b>
	At 1 April 2017		253
	Reduction in provision		(25)
	<b>At 31 March 2018</b>		<b>228</b>

**USS deficit**

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

**10 Related party transactions**

During the year, the following transactions were undertaken with related parties:

- An amount of £4,460,000 (period ended 31 March 2017: £4,747,000) was paid to Higher Education Institutions in order to fund educational activities in those institutions.
- The employee benefits of the Coleg's key management were £328,000 (period ended 31 March 2017: £198,000).

## Notes to the financial statements for the year ended 31 March 2018 (continued)

### 11 Company limited by guarantee

The Coleg is a company limited by guarantee and accordingly does not have a share capital.

The company guarantors are the following institutions:

- Aberystwyth University
- Bangor University
- Cardiff University
- University of South Wales
- Glyndŵr University
- Swansea University
- Cardiff Metropolitan University
- University of Wales Trinity St David
- The Open University

Each member's liability is limited to £10, namely the sum which each member undertakes to contribute to the Coleg's assets should it be wound up whilst they are a member or within a year of the end of their membership, in order to:

- (a) pay the Coleg's debts and liabilities which occurred whilst they were still a member,
- (b) pay the costs, charges and expenses of winding up, and
- (c) adapt the rights of those contributors amongst each other.

### 12 Pension scheme

The Universities Superannuation Scheme (USS) is the main scheme covering staff, which provides benefits based on final pensionable salary for Final Salary members (now closed to new entrants) and Career Revalued Benefits (CRB) for new entrants since 2011. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to the Coleg and individual institutions and a scheme-wide contribution is set. The Coleg is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. However, under Charities SORP (FRS102), a liability is also recorded within provisions for any contractual commitment to fund past deficits within the USS. Movements in this provision can also give rise to charges to the income and expenditure account as shown in note 9 above.

## Notes to the financial statements for the year ended 31 March 2018 (continued)

13	Financial instruments	31 March 2018 £000	31 March 2017 £000
	<b>Financial assets</b>		
	Financial assets that are debt instruments measured at amortised cost	100	5
	<b>Financial liabilities</b>		
	Financial liabilities measured at amortised cost	109	27

Financial assets measured at amortised cost comprise trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.