

Company registered No: 7550507

Charity registered No: 1143525

Y COLEG CYMRAEG CENEDLAETHOL

**Report of the Trustees and Financial Statements
For the 8 month period ended 31 March 2017**

Y Coleg Cymraeg Cenedlaethol

Trustees' report and financial statements for the 8 month period ended 31 March 2017

	PAGE
LEGAL AND ADMINISTRATIVE INFORMATION	1
REPORT OF THE TRUSTEES FOR THE 8 MONTH PERIOD ENDED 31 MARCH 2017	2
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Y COLEG CYMRAEG CENEDLAETHOL	9
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)	12
BALANCE SHEET AS AT 31 MARCH 2017	13
STATEMENT OF CASHFLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15

Legal and administrative information

Trustees and Directors

Chair Andrew Green

Directors Professor Iwan Davies
Professor Jerry Hunter
Geraint James
Gwilym Dyfri Jones
Dr Hefin Jones
Dr Gwyn Lewis
Dr Rhodri Llwyd Morgan
Professor Hywel Thomas
Ieuan Wyn
Linda Wyn
Fflur Elin (appointed 11 August 2016)
William David Callaway (appointed 9 November 2016)
Dr Haydn E Edwards (appointed 1 April 2017)
Ellen Rose Jones (appointed 26 July 2017)

Registered office Y Llwyfan
Heol Y Coleg
Caerfyrddin
Sir Gaerfyrddin
SA31 3EQ

Registered number 07550507 (England and Wales)

Status Company limited by guarantee

Charity number 1143525

Report of the Trustees for the 8 month period ended 31 March 2017

During the period the Coleg's accounting reference date was changed from its former date of 31 July to 31 March, to match the changes in the Coleg's structure in the period. Consequently these financial statements cover the 8 month period from 1 August 2016 to 31 March 2017, the comparative numbers cover a 12 month period. This change is permissible under the Companies Act 2006.

The Trustees are pleased to present their annual directors' report, together with the financial statements of the Charity for the 8 month period ended 31 March 2017 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)).

These are the Charity's first financial statements prepared on this basis, the prior year's accounts were prepared to comply with Reporting by Charities, Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Statement for Smaller entities (FRSSE SORP). Details of the adjustments required on transition are set out in note 13.

Chair's Report

Significant further strides have been taken during the period 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. More students are now studying substantial elements of their university degrees through the medium of Welsh than ever before. The breadth and depth of Welsh medium provision across universities in Wales has reached unprecedented levels under the guidance of the Coleg's Academic Board.

2016/17 was a year of transition for the Coleg's staffing scheme with the first cohort of lecturers coming to an end of their five years funding. I am very pleased to report that the vast majority of these lecturers were retained by the Universities and continue to teach through the medium of Welsh. 10 PhD Scholarships (jointly funded) were awarded during 2016/17, 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. Two 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. Professor Brynley F. Roberts, Dr Sian Wyn Siencyn and Professor R Merfyn Jones were inaugurated honorary fellows of the Coleg.

Report of the Trustees for the 8 month period ended 31 March 2017 (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 overseeing 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 overseeing 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

There will be several new pieces of work that will be led by the Coleg in the coming year, in a much more secure context than it has been. In Higher Education the move from the Academic Staffing Scheme into the subject grants model is moving forward appropriately with an increasing percentage of the budget now allocated through subject grants. Following the agreement of the Academic Plan there is a significant program of developing / updating subject plans across the whole range of the Coleg's work. The Coleg will also respond to the recommendations of the Welsh Government Task and Finish Group, specifically in relation to the recommendation to extend the Coleg's responsibilities to further education

Report of the Trustees for the 8 month period ended 31 March 2017 (continued)

Directors

The directors at the date of the approval of the accounts are listed on page 1. The following who were directors at 1 August 2016 resigned as follows:

Professor Jacqui Hare (resigned 31 October 2016)
Geraint James (resigned 24 January 2017)
Andrew Green (resigned 31 March 2017)
Fflur Elin (resigned 26 June 2017)

Financial review

The results and financial position for the 8 month period ended 31 March 2017 are set out on pages 12 to 22, Revenue arises largely from funds received from the 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.

This is the first set of the Charity's financial statements 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) (Charities SORP (FRS102)). Details of the adjustments required on transition are set out in note 13.

Reserves policy and going concern

The Trustees are satisfied that the Coleg's assets are adequate to fulfill 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 has two standing Committees (Academic Board and Audit and Risk 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 8 month period ended 31 March 2017 (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, KTS Owens Thomas have conducted several reviews during 2016/17 including reviews on budgeting (including the year end finance arrangements) and branches.

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 8 month period ended 31 March 2017 (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. 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 impact
 - the 'owner' of the risk
 - the control processes which manage the risk

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 period ended 31 March 2017 and in place up to the date of approval of the annual report and financial statements that it is regularly reviewed by the Board.

Report of the Trustees for the 8 month period ended 31 March 2017 (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 8 month period ended 31 March 2017 (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 9 January 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

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 2017 and of its incoming resources and application of resources, including its income and expenditure, and cash flows for the period 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 2017; the statement of financial activities (including the income and expenditure account), the statement of cash flows for the period then ended and the notes to the financial statements.

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.

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.

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.

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

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 period 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.

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. This description forms part of our auditors' report.

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.

Other required reporting

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.

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

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
Swansea

Date: *9 January 2018*

Company registered no: 7550507

Charity registered no: 1143525

Statement of financial activities (including the income and expenditure account) for the 8 month period ended 31 March 2017

	Note	8 months ended 31 March 2017	Year ended 31 July 2016
Income		£000	£000
Donations	3	5,977	8,904
Investment income		11	9
Total incoming resources		5,988	8,913
Expenditure			
Charitable activities	4	(5,835)	(7,753)
Total expenditure		(5,835)	(7,753)
Net income / net movement in funds for the period/year		153	1,160
Reconciliation of funds			
Fund balances brought forward at 1 August		2,750	1,590
Fund balances carried forward at 31 March		2,903	2,750

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

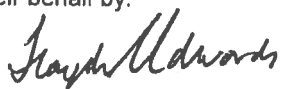
All incoming resources and resources expended are derived from continuing activities.

Balance sheet as at 31 March 2017

	Notes	2017 £000	31 July 2016 £000
Fixed assets			
Tangible assets	6	59	35
Current Assets			
Debtors	7	41	81
Cash at bank and in hand		3,102	3,035
Total current assets		3,143	3,116
Creditors: amounts falling due within one year	8	(46)	(93)
Net current assets		3,097	3,023
Total assets less current liabilities			
		3,156	3,058
Pension provision	9	(253)	(308)
Net assets		2,903	2,750
The funds of the charity			
Total charity funds / unrestricted income funds		2,903	2,750

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 9 January 2018

The notes form part of these financial statements

**Statement of cash flows
for the 8 month period ended 31 March 2017**

	8 months ended	Year Ended
	31 March	31 July
	2017	2016
	£000	£000
Cash provided by operating activities (see below)	92	1,263
Cash flows from investing activities		
Interest income	11	9
Purchase of tangible fixed assets	(36)	(12)
Cash used in investing activities	(25)	(3)
Increase in cash and cash equivalents in the period	67	1,260
Cash and cash equivalents at the beginning of the period	3,035	1,775
Total cash and cash equivalents at the end of the period	3,102	3,035

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

	2017	2016
	£000	£000
Net movement in funds	153	1,160
Add back depreciation charge	12	25
Deduct interest income shown in investing activities	(11)	(9)
Decrease in debtors	40	56
(Decrease)/increase in creditors	(47)	7
Movement in pension provision	(55)	24
Net cash provided by operating activities	92	1,263

Notes to the financial statements for the 8 month period ended 31 March 2017

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) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the re-statement of comparative items was required. Details of the re-statements required are set out in note 13.

(c) 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.

(d) 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.

(e) 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.

(f) Fund accounting

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

(g) 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
- Other expenditure represents those items not falling into any other heading

(h) 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 8 month period ended 31 March 2017 (continued)**

(i) 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:

	Annual rate
Office equipment	10-25%
Computer equipment	33%

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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 8 month period ended 31 March 2017 (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

	8 month period ended 31 March 2017 £000	Year ended 31 July 2016 £000
Funding Council grants	5,766	8,804
Other income	211	100
Total	5,977	8,904

Notes to the financial statements for the 8 month period ended 31 March 2017 (continued)

4 Analysis of expenditure

The key items of expenditure are as follows:

	8 month period ended 31 March 2017 £000	Year ended 31 July 2016 £000
Charitable activities		
Funding of Education projects	4,747	6,102
Coleg employment costs – direct	228	456
Coleg employment costs – support	348	558
Governance costs	23	31
Support costs	489	606
	5,835	7,753

	8 month period ended 31 March 2017 £000	Year ended 31 July 2016 £000
Support costs		
Marketing and communications	98	177
Training	39	49
Network agreement costs	141	146
Rent	57	75
Administration	154	159
	489	606

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

	8 month period ended 31 March 2017 £000	Year ended 31 July 2016 £000
Governance costs		
External audit	13	13
Internal audit	6	7
Trustee meetings	4	11
	23	31

Resources expended include the following costs:

	8 month period ended 31 March 2017 £000	Year ended 31 July 2016 £000
Depreciation	12	25
Auditors remuneration	13	13

**Notes to the financial statements
for the 8 month period ended 31 March 2017 (continued)**

5 Analysis of staff costs and trustee remuneration and expenses

Trustees received no emoluments during the period (2016: £Nil). Expenses of £3,232 (year ended 31 July 2016: £2,770) have been paid to the trustees. Expenses were paid to 7 trustees (year ended 31 July 2016 : 7)

Staff costs

The average monthly number of persons employed by the Coleg during the period was 22 (year ended 31 July 2016: 23)

	8 month period ended 31 March 2017 £000	12 month period ended 31 July 2016 £000
Wages and salaries	488	788
Social security costs	52	70
Other pension costs	36	156
	576	1,014

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

	8 month period ended 31 March 2017 Pro rata No	12 month period ended 31 July 2016 No
£70,000 – £80,000	1	1

6 Tangible fixed Assets

	Office equipment £000	Computer equipment £000	Total £000
Cost			
At 1 August 2016	46	116	162
Additions	6	30	36
At 31 March 2017	52	146	198
Accumulated depreciation			
At 1 August 2016	28	99	127
Charge for the period	5	7	12
At 31 March 2017	33	106	139
Net book value			
At 31 March 2017	19	40	59
At 31 July 2016	18	17	35

Notes to the financial statements for the 8 month period ended 31 March 2017 (continued)

7	Debtors		
		31 March	31 July
		2017	2016
		£000	£000
	Trade debtors	5	8
	Prepayments and accrued income	36	73
		41	81
8	Creditors: amounts falling due within one year		
		31 March	31 July
		2017	2016
		£000	£000
	Trade creditors	12	31
	Other tax and social security	19	20
	Other creditors	-	19
	Accruals	15	23
	Total	46	93
9	Pension provision		
			Obligation to fund deficit on USS pension £000
	At 1 August 2016		308
	Reduction in provision		(55)
	At 31 March 2017		253

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 period, the following transactions were undertaken with related parties:

- An amount of £4,747,000 (2016: year ended 31 July £6,102,000) 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 £198,000.

Notes to the financial statements for the 8 month period ended 31 March 2017 (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 Davids
- 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 the new 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 8 month period ended 31 March 2017 (continued)

13 Transition to Charities SORP (FRS102)

As explained in the accounting policies, this is the Coleg's first financial information prepared in accordance with Charities SORP (FRS102). The accounting policies set out in Note 1 have been applied in preparing the financial information for the year ended 31 July 2016, and in the preparation of an opening Charities SORP (FRS102) Statement of Financial Position at 1 August 2015. In preparing its Charities SORP (FRS102) financial statements, the Coleg has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of account (FRSSE SORP).

An explanation of how the transition to Charities SORP (FRS102) and the SORP has affected the Coleg's financial position, financial performance and cash flows is set out in the following tables.

Financial position	1 August 2015 £000	31 July 2016 £000
Total reserves under FRSSE SORP	1,874	3,058
USS pension provision (i)	(284)	(308)
Total effect of transition to FRS102	(284)	(308)
Total reserves under SORP FRS102	1,590	2,750

Financial performance	Year ended 31 July 2016 £000
Surplus for the year under FRSSE SORP	1,184
USS pension provision	(24)
Total effect of transition to SORP FRS102	(24)
Total comprehensive income for the year under SORP FRS102	1,160

- (i) Under FRSSE SORP, USS was accounted for as a defined contribution scheme as permitted by FRS17 as it was not possible to identify the Coleg's share of the underlying assets and liabilities. Under Charities SORP FRS102, the USS scheme is still accounted for as a defined contribution scheme, but the additional contracted contributions under the USS recovery plan to fund past deficits have been included as a provision.

14 Financial instruments

	31 March 2017 £000	31 July 2016 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	5	8
Financial liabilities		
Financial liabilities measured at amortised cost	27	73

Financial assets measured at amortised cost comprise trade debtors.

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