



# **Colleges Wales / Colegau Cymru Limited**

## **Consolidated Financial Statements**

### **for the Year Ended 31 July 2016**

**Charity Number: 1060182**  
**Company Number: 2832103**  
**(England and Wales)**

Colegau Cymru  
Uned 7 Cae Gwyrdd  
Greenmeadow Springs  
Tongwynlais, Caerdydd CF15 7AB  
Ff: 029 2052 2500  
E: [hello@colegaucymru.ac.uk](mailto:hello@colegaucymru.ac.uk)  
W: [www.colegaucymru.ac.uk](http://www.colegaucymru.ac.uk)

Colleges Wales  
Unit 7 Cae Gwyrdd  
Greenmeadow Springs  
Tongwynlais, Cardiff CF15 7AB  
T: 029 2052 2500  
E: [hello@collegeswales.ac.uk](mailto:hello@collegeswales.ac.uk)  
W: [www.collegeswales.ac.uk](http://www.collegeswales.ac.uk)

## **Contents**

	<b>Page</b>
Contents	1
Trustees Report	2
Report of the Independent Auditors	13
Statement of Financial Activities	15
Consolidated Balance Sheet	16
Company Balance Sheet	17
Cashflow Statement	18
Notes to the Financial Statements	20
Profit & Loss Account	Appendix 1

---

## Report of the Directors/Trustees for the year ended 31 July 2016

The Directors/Trustees present their report and the audited financial statements of Colleges Wales / Colegau Cymru Limited and its subsidiary (fforwm Services Limited) for the year ended 31 July 2016.

### Reference and Administrative Information

Company Number:	2832103
Registered Charity Number:	1060182
Registered Office and operational address:	Unit 7 Cae Gwyrdd Greenmeadow Springs Tongwynlais Cardiff CF15 7AB
Auditors:	Bevan & Buckland Langdon House Langdon Road Swansea Waterfront SA1 8QY
Solicitors:	Capital Law Capital Building Tyndall Street Cardiff CF10 4AZ
Bankers:	Barclays Bank plc PO Box 69 Cardiff CF1 1SG

---

## Directors and Trustees

For the purposes of charity law, the Board of Directors' are also charity trustees. During the year the company's directors / trustees were as follows:

Simon Pirotte	CEO/Principal, Bridgend College
Mike James	CEO/Principal, Cardiff and Vale College
David Jones OBE	CEO/Principal, Coleg Cambria
Jacqui Weatherburn	CEO/Principal, Coleg Ceredigion
Judith Evans (Chair)	CEO/Principal, Coleg y Cymoedd
Guy Lacey (appointed 1 April 2016)	CEO/Principal, Coleg Gwent
Barry Liles	CEO/Principal, Coleg Sir Gâr
Mark Jones	CEO/Principal, Gower College Swansea
Glyn Jones OBE (resigned 31 August 2016)	CEO/Principal, Grŵp Llandrillo Menai
Dafydd Evans (appointed 20 September 2016)	CEO/Principal, Grŵp Llandrillo Menai
John O'Shea	CEO/Principal, The College Merthyr Tydfil
Mark Dacey	CEO/Principal, NPTC Group of Colleges
Sharron Lusher	CEO/Principal, Pembrokeshire College
Mark Leighfield	CEO/Principal, St David's Catholic College
Mark Isherwood	CEO/Principal, Adult Learning Wales
Liz James (observer) (resigned 31 July 2016)	Chair, Coleg y Cymoedd
John Clutton (observer) (appointed 12 November 2014)	Chair, Coleg Cambria
Nigel Bayford (interim observer) (appointed 20 September 2016)	Chair, Coleg y Cymoedd
Iestyn Davies	Chief Executive
Julie Osman	Company Secretary

No director/trustee held any shares in the company at any time during the year.

---

## Committees of the Board of Management

The company has two formally constituted committees in place, which act with delegated authority from ColegauCymru's Board as follows:

Audit Committee	Simon Pirotte (Chair), Mark Isherwood, Sharron Lusher, Dafydd Evans (resigned 1 August 2016), Lynda Astell and Kath Coughlin (appointed 20 September 2016)
Remuneration Committee	Judith Evans (Chair), Glyn Jones OBE (resigned 31 August 2016) Sharron Lusher and Simon Pirotte (appointed 20 September 2016)

The directors of the subsidiary company are appointed by and from ColegauCymru's Board and for the period were as follows:

Judith Evans (Chair)  
Sharron Lusher  
Mike James  
Barry Liles  
Glyn Jones OBE (resigned 31 August 2016)

All directors/trustees give their time voluntarily and receive no personal benefits from the charity. Any expenses reclaimed from the charity are set out in note 7 to the accounts.

## Structure, Governance and Management

### Structure

The charity is a national educational charity that represents all of Wales' further education (FE) colleges and designated FE institutions (FEIs). The company was originally incorporated in 1993 as fforwm Limited and on 1 June 2009 changed its name to Colleges Wales / ColegauCymru Limited and was branded as 'ColegauCymru / CollegesWales'. fforwm Services Limited was established in 1995 and is a wholly owned trading subsidiary of Colleges Wales / ColegauCymru Limited.

When the charity was incorporated in 1993 there were 31 FE colleges and institutions. In recent years FE colleges and institutions in Wales have been through a period of change which has led to a number of mergers and collaborative arrangements and an increasingly regionalised approach to delivery. As a result, the number of FE colleges has decreased further from 25 to 14. The last merger took place on 1 August 2015 between WEA Cymru and YMCA Wales Community College (now known as Adult Learning Wales). Of the 14 FE colleges and institutions, three are part of two universities, one is a sixth form college and one is a centre for adult learning in the community. All of the 14 FE colleges and institutions are in membership.

### Governing Document

ColegauCymru is a charitable company limited by guarantee and registered as a charity in January 1997. The company was established under a Memorandum of Association which establishes the objects and powers of the charitable company and is governed under its Articles of Association.

In the event of the company being wound up after all its debts and liabilities have been satisfied and there remains any property, it shall not be paid to or distributed among the members of the charity, but shall be given or transferred to some other charity or charities having similar objects which prohibits the distribution of its income and property by its charity members at or before the time of dissolution and if that cannot be done then to some other charitable object.

### Recruitment and Appointment of the Board of Directors

Following a variance to its Articles in May 2014, the charity's Board comprises of 14 college CEO/Principals and two chairs of governing bodies of the member colleges; the chairs are appointed as observer members.

Under the requirements of the Memorandum and Articles of Association, the appointment of college CEO/Principals is concurrent with their substantive appointment, whilst the two observer members are appointed for three years, with an option to seek re-appointment for a further three-year term.

In accordance with the Articles of Association, on the date of every other annual general meeting, the members will elect one of the trustees to act as chair and one to act as deputy chair who will take up office at the annual general meeting. Appointments are for two years and run concurrently.

The directors/trustees who served on ColegauCymru's Board during the year, and up to the date of this report, are listed on page 3.

### **Trustee Induction and Training**

New trustees receive information on their legal obligations under charity and company law and to assist them in carrying out their duties all trustees are expected to meet the standards set out in the charity's Corporate Governance Code which aims to promote effective and well-informed governance.

To support the charity's trustees a secure on-line members' portal is available. The portal provides access to all of the charity's information including governing documents, charity commission annual returns, financial performance, relevant policies, procedures and future plans and objectives. The portal acts as a central repository where board papers can be accessed and/or downloaded ahead of board meetings. The trustees are also given opportunities to meet staff and are encouraged to attend training events that support the undertaking of their role.

### **Organisation**

During the reporting period, the Board met six times and formally constituted sub-committees are in place covering Audit and Remuneration, with terms of reference approved by the Board. The Chief Executive is responsible for managing the day to day operations of the company.

### **Related Parties**

Due to the nature of the organisation, its membership and the composition of the Board it is inevitable that transactions will take place with company members. All transactions involving subsidiaries, company members or organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with the organisation's financial regulations.

### **Risk Management**

A review of the strategic, business and operational risks to which the company is exposed is conducted on a bi-annual basis at a minimum and reported to the Audit Committee and the Board. Risk management policy and procedures are in place to support the risk management process and mitigate risks identified and internal control procedures are in place to minimise internal risks. Any significant risks are reported to the Board immediately. The key risks faced by ColegauCymru during the year were in relation to:

- managing member expectations and subscription uncertainty;
- level of FRS17 pension liability remained unclear;
- motivation of staff during a period of significant organisational change;
- recruitment and retention of staff, and
- outcome of merger discussions with National Training Federation for Wales (NTFW).

### **Objectives and Activities**

ColegauCymru's charitable objectives and principal activities remained throughout 2015-16 to promote the advancement of education for the benefit of the general public in Wales. ColegauCymru exists through its work to:

- to provide a forum for discussion on matters of common interest conducted by all the further education corporations and other institutions receiving funding from the Welsh Government, and
- to make representations on behalf of its members to persons concerned with education and its funding in Wales.

The charity's prime purpose is to raise the profile of further education with key decision-makers to improve educational opportunities for learners in Wales. In so doing, the charity:

- Influences policy through its representative work on various committees, working parties and other groups to help shape policy in the post-16 education and the life-long learning sector
- Raises awareness of the value of further education and lifelong learning

- Develops and disseminates good practice
- Develops FE Leaders
- Negotiates with joint trade unions on collective bargaining matters

ColegauCymru acts as a coordination point and lead organisation on a range of national-level projects, on behalf of or jointly with others, that help develop staff or that provide significant learning opportunities for learners. Activities include:

### ***International and European partnerships and learning opportunities***

ColegauCymru organises and supports opportunities for college staff to undertake overseas study visits focusing on improving quality and innovation, job shadowing with international counterparts, and developing strategic partnerships with international partners. These projects also help college students and apprentices to broaden their horizons through coordinating a programme of work placements overseas and cultural exchanges.

### ***Sport, physical activity and volunteering***

In partnership with Sport Wales, ColegauCymru is the lead organisation for sport in further education colleges in Wales, raising the profile of sport, physical activity and volunteering through college projects and promoting elite college sport. Key priorities for development:

- Increasing participation in sport and physical activity among FE students in Wales
- Tackling inequalities in sports participation with the aim of reducing the gender gap and increasing opportunities for disabled students
- Increasing the employability of students in sports and physical activity while developing sustainable workforce for FE and the community
- Academic, holistic and competitive support for elite athletes in the FE sector through college sports programmes.

### ***Recognising skills and qualifications across Europe***

On behalf of the Welsh Government, ColegauCymru is Wales' lead contact point for the coordination of a range of European programmes that help learners, workers, employers, colleges, universities and careers advisors understand how skills and qualifications are recognised across Europe. Together, these initiatives:

- relate different countries' national qualifications systems to a common European reference framework, making national qualifications more readable across Europe
- show the skills and qualifications that are needed to get work in particular trades in Europe
- provide confidence in the quality assurance of vocational education and training programmes in Europe, building mutual trust, and
- enable the recognition of learners' achievements during periods of study and/or training overseas (which may be financially supported by Erasmus+ funds).

### ***Develop/test new qualifications and deliver CPD***

In preparing the way for Wales' new qualifications, ColegauCymru was contracted by the Welsh Government to:

- deliver CPD for teaching staff in post-16 education and training in preparation for the introduction of the new GCSEs for first teaching in Sept 2016.
- manage the Digital Literacy Practitioners Programme, developing, piloting and delivering training for practitioners ahead of the introduction of the Essential Digital Literacy Skills qualification for teaching from September 2015.

### ***Safe college communities***

Having previously revised the Safe Learning Communities Guidance and Self-Assessment Toolkit with Estyn and FE partners, ColegauCymru is now working with the Home Office's HE and FE Prevent Coordinator for Wales to deliver training to key staff on the 'Prevent Duty' (introduced in the Counter-Terrorism and Security Act 2015) in order to help prevent people in further education institutions and independent training providers from being drawn into terrorism.

The Board reviews the charity's operations to ensure they remain focused on its stated objects and purposes. The charity refers to the advice contained in the Charity Commission's general guidance with regard to public benefit when reviewing its objectives and aims and in planning future activities (section 4 of the Charities Act 2006).

During the reporting period ColegauCymru commenced merger discussions with National Training Federation for Wales (NTFW). However, after a prolonged period of reflection, the Board's decision to withdraw from negotiations was informed by the view that the best interests of its members and the wider public benefit would be advanced by ColegauCymru remaining a standalone charity.

### **Achievements and Performance**

During the year, ColegauCymru has focused on building relationships with key stakeholders and ensuring that it is recognised as a key influencer on matters affecting the post-16 education sector in Wales. Key achievements include:

- Providing both written and/or verbal evidence on legislative changes that may affect the sector to the Welsh Government's committees
- Influencing Welsh Government Ministers, Assembly Members, MPs and MEPs through regular engagement
- Protecting the FE budget from further funding cuts
- Delivering ColegauCymru's Manifesto and promoting members key policy priorities
- Working closely with key stakeholders and members in reaching a consensus view on complex issues facing the sector
- Building relationships with key stakeholders e.g. Welsh Government, HMI for Education and Training in Wales (Estyn), Qualifications Wales, Education Workforce Council, Learning and Work Institute, National Training Federation Wales, Universities Wales and Business Representative Groups
- Securing representation on a number of key policy groups/committees
- Securing additional funding to support colleges in adjusting to the increased number of learners re-sitting GCSEs
- Successfully secured a number of educational national projects (see note 14 for breakdown)
- Delivering continuous professional development training events for the FE sector management and academic staff
- Completed a restructuring exercise and introduced a new staffing structure with effect from 1 August 2016

### **Activities Delivering Public Benefit**

ColegauCymru recognises that under charity legislation and in meeting its charitable objects, it must ensure that education has been advanced for the benefit of the general public in Wales. During the year, the company set out a number of priorities which had the ultimate aim of ensuring that education standards were improved for the ultimate benefit of learners, communities and employers in Wales. Access to FE for all who wish to participate is an important matter for ColegauCymru and its members.

In an effort to further improve understanding of vocational education across Wales, ColegauCymru has worked collaboratively with NTfW and the Welsh Government through the Skills Champions' Network. WorldSkills is a competition held in a different country every two years for 18-24 year olds in around 50 vocational skill areas. At the WorldSkills UK competition in 2016, the Welsh competitors produced their best results ever. Team Wales comprised of 86 contestants from ten colleges, businesses and training providers, all aspiring to reach world-class level, raise standards and employability. After three days of intense competitions Team Wales won 44 medals.

Welsh Colleges Sport provides opportunities for students to compete in inter-college leagues, enter British Colleges sports competitions and play for Welsh Colleges international sides in their chosen sport. Within the normal calendar there are Welsh regional tournaments where colleges can compete to represent Wales at the British Colleges National Championships.

### **Community Service and Access**

The direct beneficiaries of the charity include staff, managers, governors and learners of its member colleges/institutions. Other beneficiaries of the charity's services include a cross-section of organisations that are not members. They include organisations from the private, voluntary and public sectors, third sector further education institutions and community learning facilities – as well as potential learners. Beneficiaries include individuals and groups from a wide cross-section of the public, including people from economically disadvantaged backgrounds; those with learning difficulties and/or disabilities; those who did not achieve academic success at school; those who have suffered disruption to their learning for a wide range of reasons such as raising children, or suffering drug abuse, mental health issues or from bullying.



Colleges are principally local and regional institutions serving their communities. Most students come from areas close to their local college. In addition to their main and satellite campuses, colleges have over 1,000 outreach centres, seeking to offer learning at places close to the learner. Colleges' services include: theatres, farm shops, catering outlets, hairdressing and beauty salons, travel agencies, leisure facilities, crèches, and garden centres, all of which are used extensively by their local communities. They make their facilities available to local communities such as libraries and IT access including broadband facilities, and various leisure and other activities.

The charity and its member colleges welcome learners and staff from a diversity of backgrounds and do not discriminate against race, religion, sexual orientation, gender or age.

### **Financial Review**

Total income for the group was £1,484,793, a decrease of £492,763. The income attributable to rentals receivable under the lease and leaseback arrangements undertaken by fforwm Services Limited has reduced but, although overall the level of grants received during the year remains high, it is significantly below those received in 2014/15 which was an exceptional year. The performance of fforwm Services Limited is commented on separately below.

The group (the company and its trading subsidiary fforwm Services Limited) made a loss for the year of £118,215 after a number of redundancy payments and before actuarial loss on the defined benefit scheme of £162,000 (2015: gain £2,000).

### **Principal Funding Sources**

ColegauCymru continued to be funded through college subscriptions during the year at a level sufficient to meet the budgetary requirements agreed by the Board.

ColegauCymru received £567,779 funding through membership subscriptions from colleges and FE institutions. Other principal sources of income included the receipt of grant income for specific educational projects totalling £576,990 and the provision of training under an MA programme for middle managers.

### **Investment Policy**

In 2008 it was agreed that an investment should be made by the purchase of new office accommodation more suited to the needs of the charity. This took place on 20 August 2008 and constituted a major investment for the charity. However, the trustees are conscious of the need to also retain funds in a liquid form to meet the requirements of the charity. The trustees closely monitor the returns of the investments.

In order to secure the funds of the charity all investments are made in the company name. The trustees, having considered the operating requirements of the charity and the reserves policy have, for the purpose of security, adopted the policy of holding funds in an interest bearing account with the balance placed on treasury deposit with a major clearing bank. The use of treasury deposits seeks to achieve the best interest rate possible for the funds with no risk attached.

### **Reserves Policy**

At the year end, the group has accumulated net assets totalling £1,117,987 (2015: £1,398,201). Of these assets £593,593 is held in fixed assets, these include the purchased office premises and a pension liability of £122,000 (2015: asset of £33,000). The trustees regularly review the level of reserves to ensure the company is financially secure. The reserves are held in line with prudent financial management to provide sufficient assets to enable ColegauCymru to cover any contingencies which may arise and ensure the continuation of ColegauCymru's activities.

ColegauCymru is aware of the need to secure its viability beyond the immediate future and is committed to providing services over the longer term. In order to continue to operate in the longer term it is necessary to be able to absorb unforeseen setbacks and to be able to take advantage of opportunities which arise. In order to fulfill this requirement the trustees recognise their responsibility to ensure that adequate reserves are maintained in the charity, whilst ensuring that as much money as possible is expended to further the objects of the charity.

The trustees agreed that adequate reserves are necessary and the target level of reserves which ColegauCymru should retain have been identified as follows:

- **Pension reserves** - to meet the fluctuating liabilities in the pension provision identified under FRS17. In 2016 an independent actuary report identified a liability of £122,000 and an asset of £33,000 at 31 July 2015.
- **Capital reserves** – To provide funds to meet the existing and future capital spend requirements of ColegauCymru
- **Critical/Closure Costs** - To retain funds to meet the closure costs which would be incurred should ColegauCymru cease operations. This would allow for a managed cessation of operations and includes
  - redundancy costs for staff
  - servicing equipment leasing arrangements
  - building insurance
  - building maintenance until such time as a sale can be agreed. A two year period has been allowed for the sale of the property. It is proposed that the sale of the property will be used to meet the liabilities of the LGPS pension scheme.
- **Strategic reserve** – To meet the costing requirements of any strategic items identified within the designated reserves.
- **Free reserves** - To target free reserves equivalent to six months' operating costs, currently cira £300,000 to enable the completion of wind up of projects and other activities.

In order to ensure that the requirements and potential liabilities of the projects can be met a balance equivalent to one quarter's (three months) project income. Based on the previous year's project income as defined by the financial statements, should be held in reserves to mitigate against unplanned liability arising from project activity. This will assist in the successful completion of projects and safeguard against external dependencies. This income was £576,990 in 2016 (2015: £962,498).

The trustees recognise the need to review the policy on an annual basis to ensure that it continues to meet the requirements of the charity. A new Reserves Policy has been drawn up with the assistance of the group's auditors, Bevan and Buckland, this is currently under consideration by the Board.

The trustees recognise the importance to the charity of retaining the membership of all the colleges in Wales and of actively pursuing a policy to ensure the charity recognises the needs of the whole sector and caters for them appropriately.

They also recognise the importance to the charity of winning bids for projects and research, both in prestigious and financial terms and conversely the risks involved if the company is unsuccessful in this area.

#### **Future Plans and Activities**

A key objective for ColegauCymru for 2016-17 will be to drive activity forward on behalf of the sector. ColegauCymru will work closely with members over the coming year to build deeper relationships with Ministers and other key stakeholders. Ensuring members are kept abreast of key issues and remain focused on delivering members recommendations for the benefit of the learners and the wider communities in Wales.

## **fforwm Services Limited**

fforwm Services Limited was established in 1995 and is the charity's trading subsidiary. The company's principal activities include the provision of CPD training for college staff and the wider post-16 education sector, property and equipment leasing. The company had a quiet year in 2015/16 with this being a year of change for the whole organisation, participation in additional conference CPD events and service contracts is anticipated for future years.

The company made a profit for the year on ordinary activities of £1,481 (2015: £18 surplus) after making a deed of covenant payment of £nil (2015: £2,200) to Colleges Wales / Colegau Cymru Ltd.

During the year the company's turnover decreased to £276,557 (2015: £337,620). This decrease can be attributed partly to a reduction in the use of leasing arrangements by participating educational institutions and consequently, a loss of income to the company and partly due to a reduction in project income and conference activities in order to concentrate on promoting the importance of full fair funding for FE in Wales.

2015/16 was a year of change for the organisation resulting in a reduction of other activity, taking this into consideration, the Directors consider the overall performance of the company during the year to be satisfactory. The reduction in the lease income was predicted and has been a subject of discussion at Board meetings for some time. The financial impact of its decisions not to continue with some events during the year was closely monitored and controlled, this resulted in a small operating surplus for the company. In future the company plans to utilise conference events and service contracts to provide additional income whilst supporting its policy objectives.

## **Directors**

The Directors of the company and their appointments and resignations during the year are detailed in the Report of the Directors on the subsidiary company's financial statements.

## Directors' Responsibilities in Relation to the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law that Directors have elected to prepare the financial statements in accordance with United Kingdom General Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make sound judgments and estimates that are reasonable and prudent
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the Statement of Recommended Practice, Accounting and Reporting by Charities (issued March 2005). They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Auditors

The external auditors Bevan & Buckland appointment expires on completion of the 2015/16 Financial Statements. The charity will be tendering for external auditors in 2017.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by charities (issued March 2005) and in accordance with the provisions applicable to companies subject to small companies' regime of the Companies Act 2006.

By Order of the Board

  
Chair of the Board  
Judith Evans

Date 14/3/17

## **Corporate Governance Statement**

ColegauCymru is committed to demonstrate best practice in all aspects of corporate governance.

The trustees' are responsible for the overall strategic direction of the charity and monitors its financial performance and ensures that the annual business plan, drawn up by the Chief Executive is considered, approved and then monitored by the Board.

The trustees' are of the view that there is an ongoing process for identifying, evaluating and managing significant risks faced by ColegauCymru and that this process has been in place during the reporting period.

The trustees' convene six times a year and has delegated authority to the following committees with terms of reference:

- Remuneration Committee: to determine the remuneration of the Chief Executive on an annual basis
- Audit Committee: to consider detailed reports together with recommendations for the improvement of systems of internal control and management's responses and implementation plans. The Committee meets twice a year, with the external auditors in attendance if requested. The Audit Committee has two external members who are not members of ColegauCymru's Board.

Both committees are chaired by trustees of the Board.

The Board receives reports from the Chief Executive and the Audit Committee regarding risk and control issues and how it is planned to address these issues.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE TRUSTEES OF COLLEGES WALES / COLEGAU CYMRU**  
**FOR THE YEAR ENDED 31 JULY 2016**

We have audited the financial statements of Colleges Wales / Colegau Cymru Limited group for the period ended 31 July 2016, which comprise of the consolidated Statement of Financial Activities, Group Balance Sheet, Company Balance Sheet, Group Cashflow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Charity'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 charity's members those matters we are required to state to them in an auditors' 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Statement of Trustee's Responsibilities set out on pages 2 to 13, the trustee's are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE TRUSTEES OF COLLEGES WALES / COLEGAU CYMRU**  
**FOR THE YEAR ENDED 31 JULY 2016**

**OPINION ON MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustee's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Trustees.



ALISON VICKERS (SENIOR STATUTORY AUDITOR)  
FOR AND ON BEHALF OF  
BEVAN & BUCKLAND  
CHARTERED ACCOUNTANTS  
AND STATUTORY AUDITORS  
LANGDON HOUSE  
LANGDON ROAD  
SA1 SWANSEA WATERFRONT  
SWANSEA  
SA1 8QY

DATE .....16/3/17.....

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**AND CONSOLIDATED INCOME EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 JULY 2016**

	Note	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>INCOME AND ENDOWMENTS FROM</b>					
<b>Donations and legacies</b>		-	-	-	-
<b>Charitable activities:</b>	2				
Annual subscriptions		567,779	-	567,779	595,698
Advancement of education for the benefit of the general public		56,623	576,990	633,613	1,025,256
<b>Other trading activities:</b>					
Commercial trading operations	5	276,557	-	276,557	337,620
<b>Investments</b>	3	4,844	-	4,844	16,982
<b>Other activities:</b>					
Net finance income from pension assets		2,000	-	2,000	2,000
<b>Total income</b>		<b>907,803</b>	<b>576,990</b>	<b>1,484,793</b>	<b>1,977,556</b>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>					
Advancement of education for the benefit of the general public	6	749,749	578,143	1,327,892	1,677,167
<b>Other trading activities:</b>					
Commercial trading operations	5	275,116	-	275,116	335,437
<b>Total expenditure</b>		<b>1,024,865</b>	<b>578,143</b>	<b>1,603,008</b>	<b>2,012,604</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TAXATION</b>					
		<b>(117,062)</b>	<b>(1,153)</b>	<b>(118,215)</b>	<b>(35,048)</b>
Taxation		-	-	-	(54)
<b>NET INCOME / (EXPENDITURE)</b>					
		<b>(117,062)</b>	<b>(1,153)</b>	<b>(118,215)</b>	<b>(35,102)</b>
<b>Transfers between funds</b>		<b>(1,153)</b>	<b>1,153</b>	<b>-</b>	<b>-</b>
<b>OTHER RECOGNISED GAINS / (LOSSES)</b>					
Actuarial (loss) / gain on defined benefit scheme	18	<b>(162,000)</b>	-	<b>(162,000)</b>	2,000
<b>Net movement in funds in year</b>		<b>(280,215)</b>	<b>-</b>	<b>(280,215)</b>	<b>(33,102)</b>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward	14	<b>1,398,201</b>	-	<b>1,398,201</b>	1,431,303
<b>TOTAL FUNDS CARRIED FORWARD</b>	14	<b>1,117,986</b>	<b>-</b>	<b>1,117,986</b>	<b>1,398,201</b>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.



**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
(Limited by Guarantee)  
**COMPANY NO. 2832103**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 31 JULY 2016**

	Note	2016		2015	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10		593,593		579,574
			593,593		579,574
<b>CURRENT ASSETS</b>					
Debtors	12	192,293		333,604	
Cash at bank and in hand		1,231,504		839,441	
		1,423,797		1,173,045	
<b>CREDITORS: amounts falling due within one year</b>	13	(777,404)		(387,418)	
<b>NET CURRENT ASSETS</b>			646,393		785,627
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,239,986		1,365,201
<b>Defined pension scheme (liability) / asset</b>	18		(122,000)		33,000
<b>TOTAL ASSETS</b>			1,117,986		1,398,201
<b>Represented by:</b>					
<b>FUNDS</b>					
Unrestricted funds	14		1,117,986		1,398,201
Restricted funds	14		-		-
			1,117,986		1,398,201

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The notes on pages 20 to 46 form part of these accounts.

The Financial Statements were approved by the Board of Trustees on 14/3/17 and signed on their behalf by:

..... *Jh Evans* .....

Judith Evans - Director & Trustee

**COLLEGES WALES / COLEGAU CYMRU LIMITED**

Company Number: 2832103


(Limited by Guarantee)

**COMPANY BALANCE SHEET  
FOR THE YEAR ENDED 31 JULY 2016**

	Note	2016		2015	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	10		577,466		567,364
Investments	11		100		100
			577,566		567,464
<b>CURRENT ASSETS</b>					
Debtors	12	111,713		300,131	
Cash at bank and in hand		1,216,671		770,735	
		1,328,384		1,070,866	
<b>CREDITORS: amounts falling due within one year</b>	13	(683,734)		(289,418)	
<b>NET CURRENT ASSETS</b>			644,650		781,448
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,222,216		1,348,912
<b>Defined pension scheme (liability) / asset</b>	18		(122,000)		33,000
<b>TOTAL ASSETS</b>			1,100,216		1,381,912
<b>Represented by:</b>					
<b>FUNDS</b>					
Unrestricted funds	14		1,100,216		1,381,912
Restricted funds	14		-		-
			1,100,216		1,381,912

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The Financial Statements were approved by the Board of Trustees on 14/3/17 and signed on their behalf by:

.....  .....

Judith Evans - Director & Trustee

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2016**

	Note	2016 £	2015 £
<b>Net cash inflow from operating activities:</b>	1	432,838	159,868
<b>Cash flows from investing activities:</b>			
Interest received		1,422	1,134
Taxation paid		(54)	(294)
Capital expenditure		(42,143)	(9,489)
<i>Net cash used in investing activities</i>		(40,775)	(8,649)
<b>Change in cash and cash equivalents in the reporting period</b>		392,063	151,219
<b>Cash and cash equivalents at the beginning of the reporting period</b>		839,441	688,222
<b>Cash and cash equivalents at the end of the reporting period</b>		1,231,504	839,441

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2016**

<b>1 Reconciliation of net consolidated incoming resources for the year to net cash inflow from operating activities</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net income for the year before taxation	(118,215)	(35,048)
Depreciation charge	28,124	31,811
Decrease in debtors	141,311	3,566
Increase / (Decrease) in creditors	390,040	(9,866)
Interest received	(1,422)	(1,134)
Impairment of property	-	180,539
Defined benefit pension scheme contributions	(57,000)	(58,000)
Defined benefit pension scheme operating cost	52,000	50,000
Net finance income from the pension scheme	(2,000)	(2,000)
<b>Net cash inflow from operating activities</b>	<b>432,838</b>	<b>159,868</b>

<b>2 Analysis of changes in net fund</b>	<b>At 31 July</b>	<b>Cash</b>	<b>At 31 July</b>
	<b>2015</b>	<b>Flows</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	839,441	392,063	1,231,504

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

## **1 PRINCIPAL ACCOUNTING POLICIES**

### **Basis of Accounting and assessment of going concern**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

### **Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/ (losses) as a component of reported income. This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 22 for an explanation of the transition.

### **Tangible Fixed Assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic life of the assets as follows:

Buildings	50 years
Computer equipment	3 years
Office equipment	5 years
Fixtures and fittings	10 years

The freehold property was valued in the prior year by an independent valuer under the instruction of the directors. As a result there has been an impairment charge of £180,539 charged to the Statement of Financial Activities in 2015.

### **Incoming Resources**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Subscription fee income is accounted for on an accruals basis and is recognised in the period of membership.

Income from courses and conferences is recognised when the respective event occurs.

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.

### **Deferred Income**

Deferred income represents income received but not earned as of the year end. Deferred income primarily consists of income for subscription fees received in advance of the period and grant income.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**PRINCIPAL ACCOUNTING POLICIES - (Cont'd)**

**Pension**

Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the company benefits from the employees services. The Charity pension scheme is a defined benefits scheme.

The Charity participates in the Cardiff and Vale of Glamorgan Pension Fund, a defined benefit scheme for employees. The assets of the scheme are held separately from those of the charity. Many of the key financial assumptions are derived from the yields on AA rated corporate bonds or from yields on Government bonds with the objective of reflecting a best estimate of future experience.

The fund is valued at least every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension scheme assets are valued at the market value at the balance sheet date. The pension scheme deficit is recognised in full on the balance sheet.

**Fund accounting**

The various types of funds for which the Charity is responsible and which require separate disclosure, are as follows:

*Unrestricted funds*

Funds which are expendable at the discretion of the directors in furtherance of the objects of the charity.

*Restricted funds*

Subscriptions and grants whose use is restricted to purposes specified by the donor. Such purposes are within the overall aims of the organisation.

**Resources expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities, and its services for its beneficiaries. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fee and costs linked to the strategic management of the charity. All costs allocated between the expenditure categories of the SOFA are on a basis designed to reflect the use of the resources. 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 Charity's activities. A note of these costs are detailed in note 6.

**Irrecoverable VAT**

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the company of resources expended for which it was incurred.

**Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leases**

Rentals receivable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**PRINCIPAL ACCOUNTING POLICIES - (Cont'd)**

**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 £1 per member of the charity.

**Taxation**

The Company is registered as a Charity and as such tax exemption applies to the income arising from and expended on charitable activities and to its investment income and gains.

Its subsidiary company, Fforwm Services Limited, gifts their surplus to its holding company. Any surplus remaining is subject to corporation tax.

**Debtors**

Trade and other debtors are recognised at the settlement amount due.

**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.

**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.

**Financial instruments**

The charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**Basis of consolidation**

The financial statements consolidate the results of the charity and its wholly owned subsidiary Fforwm Services Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

<b>2 Charitable Activities:</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2016</b>	<b>Total 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Annual subscriptions:				
<i>General subscriptions</i>	<b>537,779</b>	-	<b>537,779</b>	565,698
<i>Sports subscription</i>	<b>30,000</b>	-	<b>30,000</b>	30,000
Advancement of education for the benefit of the general public:				
<i>Training Activities</i>	<b>25,873</b>	-	<b>25,873</b>	42,290
<i>Representational Activities</i>	<b>30,750</b>	-	<b>30,750</b>	20,468
<i>Research/Project Activities</i>	-	<b>576,990</b>	<b>576,990</b>	962,498
	<b>624,402</b>	<b>576,990</b>	<b>1,201,392</b>	1,620,954
<b>3 Investments</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2016</b>	<b>Total 2015</b>
Bank Interest	<b>1,422</b>	-	<b>1,422</b>	1,134
Room hire	<b>50</b>	-	<b>50</b>	30
Rental Income	<b>3,372</b>	-	<b>3,372</b>	15,818
	<b>4,844</b>	-	<b>4,844</b>	16,982

**4 Results of the Parent Company**

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 . The parents company's gross income and deficit for the year are as follows:-

	<b>2016</b>	<b>2015</b>
Gross Income	1,208,196	1,642,047
Deficit before actuarial gains/(losses) on pension scheme	(119,696)	(35,120)

The above figures have been adjusted for transition to FRS 102.



**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**5 Commercial trading operations and investment in trading subsidiary**

The company has a wholly owned trading subsidiary, Fforwm Services Limited incorporated in England and Wales, which it acquired on 14 July 1995. Fforwm Services Limited was established to conduct the business activities of Colleges Wales / Colegau Cymru Limited, its parent company. These activities currently comprise the provision of professional training, development courses and property and equipment leasing. The net assets of the subsidiary are £17,871 (2015: £16,390).

The trading results are shown below :

	<b>2016</b> <b>£</b>	<b>2015</b> <b>£</b>
Turnover	<b>276,557</b>	337,620
Cost of sales	<b>(251,923)</b>	(308,157)
Gross profit	<b>24,634</b>	29,463
Administrative expenses	<b>(23,193)</b>	(27,280)
Operating profit	<b>1,441</b>	2,183
Interest receivable and similar income	<b>40</b>	89
Deed of covenant	<b>-</b>	(2,200)
Profit on ordinary activities	<b>1,481</b>	72
Tax on profit on ordinary activities	<b>-</b>	(54)
Profit for the financial year	<b>1,481</b>	18

These results are wholly included in the consolidated financial statements

6 Resources expended

		Basis of Allocation	Representation & Support	Training	Research & Dev, Inc Projects	Governance	2016 £	2015 £
<b>Costs Directly Allocated to Activities</b>								
Educational Advancement	Direct		103,509	39,937	527,320	-	670,766	1,074,511
Staff costs	Direct		356,485	24,326	71,572	39,148	491,531	312,663
Travel	Direct		3,961	-	-	2,209	6,170	4,619
<b>Support costs Allocated to Activities</b>								
Accommodation	Staff time		14,686	988	2,908	1,590	20,172	12,694
Administration & Bank Charges	Staff time		22,182	1,383	4,070	2,226	29,861	31,476
Fees and charges	Staff time		46,653	1,400	4,118	2,252	54,423	17,997
Directors Liability Insurance	Staff time		-	-	-	-	-	-
Publicity and other costs	Staff time		27,517	4,145	34	19	31,715	15,834
Depreciation	Staff time		16,930	1,139	3,352	1,833	23,254	207,373
<b>Total Resources Expended</b>			<b>591,923</b>	<b>73,318</b>	<b>613,374</b>	<b>49,277</b>	<b>1,327,892</b>	<b>1,677,167</b>

COLLEGES WALES / COLEGAU CYMRU LIMITED  
(Limited by Guarantee)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JUL Y 2016

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**7 Directors and employees**

No trustees received any remuneration for their services to the company in 2016 or 2015.

No trustees received travel and subsistence expenses in 2016 (2015 - 1 trustee received £68).

The average number of trustees during the year was 14 (2015: 14). The average number of persons employed by the company during the year was 10 (2015: 9).

<b>Staff costs for the above consisted of :</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>320,411</b>	232,208
Salaries, Social Security & Pension costs allocated to projects	<b>206,223</b>	259,230
Redundancy costs	<b>86,006</b>	9,950
Pension costs	<b>44,052</b>	46,584
Social security costs	<b>41,062</b>	33,870
	<b>697,754</b>	581,843

<b>Emoluments of higher paid employees (excluding pension contributions):</b>	<b>2016</b>	<b>2015</b>
£80,000 to £90,000	<b>1</b>	-
£100,000 to £110,000	<b>1</b>	1

The Pensions Contributions relating to the highest paid employee amount to £14,999, for 10 months only (2015: £18,810)

During the year the total employee benefits received by key amangement personnel amounted to £117,947 (2015: £124,649).

The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	<b>2016</b>	<b>2015</b>
Representation & Support	<b>7</b>	6
Training	<b>1</b>	1
Research & Development, inc. Projects	<b>1</b>	1
Governance	<b>1</b>	1
	<b>10</b>	9

**8 Net incoming / (outgoing) resources**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net incoming / (outgoing) resources are stated after charging / (crediting) the following :		
Depreciation on owned tangible fixed assets	<b>28,124</b>	26,837
Impairment of Freehold property	<b>-</b>	180,539
<i>Operating lease rental:</i>		
Land and buildings	<b>199,750</b>	235,976
Equipment	<b>7,051</b>	2,670
<i>Auditors' remuneration:</i>		
Audit work (group & companies)	<b>6,769</b>	8,880
Non-audit work	<b>5,670</b>	-
Legal and professional fees	<b>21,125</b>	8,218

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**9 Analysis of FRS 17 Costs charged to the Statement of Financial Activities**

	2016 £	2015 £
Current service charge	52,000	50,000
Past service charge	-	-
<b>Total operating charge to Statement of Financial Activities</b>	<b>52,000</b>	<b>50,000</b>
	2016 £	2015 £
Interest income on scheme assets	75,000	78,000
Interest expense on defined benefit obligation	(73,000)	(76,000)
<b>Interest credited to Statement of Financial Activities</b>	<b>2,000</b>	<b>2,000</b>
<b>Net cost to Statement of Financial Activities</b>	<b>50,000</b>	<b>48,000</b>

**10 Tangible fixed assets - Group**

	Freehold Property £	Office equipment £	Fixtures & Fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 August 2015	843,650	44,004	83,486	20,126	991,266
Additions at cost	-	953	692	40,498	42,143
Disposals at cost	-	(316)	-	(3,510)	(3,826)
<b>At 31 July 2016</b>	<b>843,650</b>	<b>44,641</b>	<b>84,178</b>	<b>57,114</b>	<b>1,029,583</b>
<b>Depreciation</b>					
At 1 August 2015	298,650	35,706	57,987	19,349	411,692
Charge for the year	12,674	3,111	8,417	3,922	28,124
Disposals	-	(316)	-	(3,510)	(3,826)
<b>At 31 July 2016</b>	<b>311,324</b>	<b>38,501</b>	<b>66,404</b>	<b>19,761</b>	<b>435,990</b>
<b>Net book value</b>					
At 31 July 2016	532,326	6,140	17,774	37,353	593,593
At 31 July 2015	545,000	8,298	25,499	777	579,574

The freehold property has been valued during the prior year by an independent valuer under the instruction of the directors. As a result there has been an impairment charge of £180,539 charged to the Statement of Financial Activities in the prior year.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**10 Tangible fixed assets - Company**

	<b>Freehold Property £</b>	<b>Office equipment £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 August 2015	843,650	27,292	52,425	13,639	937,006
Additions at cost	-	895	519	31,942	33,356
Disposals at cost	-	(209)	-	(2,284)	(2,493)
<b>At 31 July 2016</b>	<b>843,650</b>	<b>27,978</b>	<b>52,944</b>	<b>43,297</b>	<b>967,869</b>
<b>Depreciation</b>					
At 1 August 2015	298,650	21,536	36,352	13,104	369,642
Charge for the year	12,674	2,189	5,294	3,097	23,254
Disposals	-	(209)	-	(2,284)	(2,493)
<b>At 31 July 2016</b>	<b>311,324</b>	<b>23,516</b>	<b>41,646</b>	<b>13,917</b>	<b>390,403</b>
<b>Net book value</b>					
At 31 July 2016	532,326	4,462	11,298	29,380	577,466
At 31 July 2015	545,000	5,756	16,073	535	567,364

The freehold property has been valued during the prior year by an independent valuer under the instruction of the directors. As a result there has been an impairment charge of £180,539 charged to the Statement of Financial Activities in the prior year.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

<b>11 Fixed asset investments</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Investment in subsidiary	100	100

Information relating to the charity's trading subsidiary, Fforwm Services Limited, registered in England and Wales and its activities during the year, are shown in note 5.

<b>12 Debtors</b>	<b>Group 2016 £</b>	<b>Company 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2015 £</b>
Amounts falling due within one year				
Trade debtors	36,290	10,943	108,684	67,017
Accrued income	76,711	75,995	156,590	156,055
Amounts due from subsidiary undertaking	-	7,399	-	65,952
Other taxation and social security	22,376	-	17,765	-
Prepayments	56,916	17,376	50,565	9,907
	<b>192,293</b>	<b>111,713</b>	<b>333,604</b>	<b>298,931</b>

<b>13 Creditors : amounts falling due within one year</b>	<b>Group 2016 £</b>	<b>Company 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2015 £</b>
Trade creditors	71,205	49,873	107,733	105,619
Accruals	128,480	124,181	113,184	109,476
Deferred income	560,038	491,999	152,108	59,984
Corporation tax	-	-	54	-
Other taxation and social security	17,681	17,681	14,339	14,339
	<b>777,404</b>	<b>683,734</b>	<b>387,418</b>	<b>289,418</b>

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2015**

**Note 13 (cont...)**

Deferred income is analysed as follows and relates to income which has been received in the year for activities which occur in 2015/16.

	2016 £	2015 £
Wellbeing/ESDGC	11,495	24,085
WFEPD	9,990	9,990
Lease finance agreements for future periods	58,049	58,049
Learndirect rental income	-	1,334
Welsh learning technologies	-	933
VETS Project	-	16,013
Sports Grant	23,920	15,580
Chongqing	16,637	22,268
Prevent	398	-
Erasmus + Learner 2015-17	80,350	-
Erasmus + Learner 2016-18	318,483	-
Erasmus + Staff 2016-18	19,966	-
Itunes	-	2,839
EQAVET restricted Call	20,751	-
Governance Project	-	1,017
	<b>560,039</b>	<b>152,108</b>

<b>14 Funds - Group</b>	<b>At 01.08.15 £</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfer between fund</b>	<b>Actuarial Loss on pension</b>	<b>At 31.07.16 £</b>
<b>Unrestricted funds</b>						
General Fund	797,837	907,803	(1,001,611)	(204,651)	(162,000)	337,378
Pension Reserve	33,000	-	-	(155,000)	-	(122,000)
Capital Asset Reserve	567,364	-	(23,254)	33,356	-	577,466
Critical / Closure costs	-	-	-	172,027	-	172,027
Strategic reserve	-	-	-	93,615	-	93,615
Capital Spend Reserve	-	-	-	59,500	-	59,500
	<b>1,398,201</b>	<b>907,803</b>	<b>(1,024,865)</b>	<b>(1,153)</b>	<b>(162,000)</b>	<b>1,117,986</b>
<b>Restricted funds</b>						
Research/Project Activities	-	576,990	(578,143)	1,153	-	-
<b>TOTAL FUNDS</b>	<b>1,398,201</b>	<b>1,484,793</b>	<b>(1,603,008)</b>	<b>-</b>	<b>(162,000)</b>	<b>1,117,986</b>

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**14 Funds - (Con't)**

**Funds - Company**

	<b>At 01.08.15</b>	<b>Incoming</b>	<b>Resources</b>	<b>Transfer</b>	<b>Actuarial</b>	<b>At 31.07.16</b>
<b>Unrestricted funds</b>	<b>£</b>	<b>resources</b>	<b>expended</b>	<b>between</b>	<b>Loss on</b>	<b>£</b>
				<b>fund</b>	<b>pension</b>	
General Fund	781,548	631,206	(726,495)	(204,651)	(162,000)	319,608
Pension Reserve	33,000	-	-	(155,000)	-	(122,000)
Capital Asset Reserve	567,364	-	(23,254)	33,356	-	577,466
Critical / Closure costs	-	-	-	172,027	-	172,027
Strategic reserve	-	-	-	93,615	-	93,615
Capital Spend Reserve	-	-	-	59,500	-	59,500
	<b>1,381,912</b>	<b>631,206</b>	<b>(749,749)</b>	<b>(1,153)</b>	<b>(162,000)</b>	<b>1,100,216</b>
<b>Restricted funds</b>						
Research/Project Activities	-	576,990	(578,143)	1,153	-	-
<b>TOTAL FUNDS</b>	<b>1,381,912</b>	<b>1,208,196</b>	<b>(1,327,892)</b>	<b>-</b>	<b>(162,000)</b>	<b>1,100,216</b>

The restricted funds received during the year were as follows:

	<b>Opening</b>			<b>Transfer from</b>	<b>Closing</b>
	<b>balance</b>	<b>Income</b>	<b>Expenditure</b>	<b>unrestricted</b>	<b>balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>funds</b>	<b>£</b>
iTunes U	-	2,839	2,839	-	-
Secondment	-	11,432	11,432	-	-
EQAVET	-	769	769	-	-
Governance code	-	16,017	16,017	-	-
ALN	-	21,858	21,858	-	-
VETS	-	69,101	70,008	907	-
Lloyds	-	4,000	4,000	-	-
Sport	-	152,235	152,235	-	-
Welsh	-	933	933	-	-
Wellbeing	-	12,590	12,590	-	-
GCSE	-	189,845	189,845	-	-
Chongqing	-	5,712	5,712	-	-
Erasmus +	-	15,603	15,819	216	-
Erasmus + Learner 15-17	-	45,616	45,616	-	-
Erasmus + Post	-	3,191	3,191	-	-
Erasmus + Learner 16-18	-	2,247	2,247	-	-
Professional Standards	-	3,400	3,430	30	-
Prevent	-	19,602	19,602	-	-
	<b>-</b>	<b>576,990</b>	<b>578,143</b>	<b>1,153</b>	<b>-</b>



**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**14 Funds - (Con't)**

iTunes U – the project has provided a learner focused platform through which learners can engage directly with learning content, on a range of devices, at any time, all the time. It also provides a platform on which valuable resources can be rehomed on a long term basis for the benefit of Wales.

Secondment – funding was received to provide support and coordination of the FE panel activities and report writing services for the review of the Higher Education Funding and Student Finance Arrangements in Wales, the Diamond Review.

Governance Code – The project aims to strengthen college governance in Wales through the development of a new bilingual code of FE governance for Wales with related good practice guidance which meets the charitable purpose of promoting education and training.

Sports – the project provides funding for the development of sports and physical activity and aims to increase the participation and volunteering in Fe in Wales. The funding is aimed at under-represented groups, including females, ethnic minorities and communities first areas. Typically the funding will support new activity.

Welsh – the funds support the hosting of a website to support the development of Welsh medium and bilingual education in FE colleges.

Well-being - the City and County of Swansea's Sustainable Development Unit and Netherwood Sustainable Futures were commissioned, to consider how ready the FE colleges are for this new focus for the public sector, both as corporate bodies and as education providers and how the FE sector can most efficiently respond to the legislation and maximise the benefits for their strategic, corporate and delivery mechanisms.

Lloyds – the bank have provided four legacy grants of £1,000 each to welsh colleges who were national finalists in the Money for Life Challenge.

GCSE – The project aims to support the implementation of the reformed qualifications, including GCSEs, Essential Skills and Welsh Baccalaureate skills certificate.

Chongqing – Since 1 August 2014, the Wales China FE consortium has been managed by 7 colleges, CollegesWales no longer manages the consortium, but does contribute to the facilitation of closer

ALN – the purpose of the funding is to develop and support capacity building in the FE sector through the delivery of FE focused training workshops and CPD resources for FE staff and multi-agency partners working with learners with Additional Learning Needs (including complex needs). The funding will also support the establishment of a professional learning community to focus on curriculum development.

Prevent – the purpose of the funding is to develop and deliver counter terrorism continued professional development (CPD)

NCP/VETS – ColegauCymru acts for the Welsh Government as the National Contact Point (NCP) in Wales for the European Qualifications Framework (EQF), European Credit System for Vocational Education and Training (ECVET) and European Quality Assurance in Vocational Education and Training (EQUAVET).

Erasmus+ - Staff mobility - A staff study visit to Finland took place in May 2015. The final report for the project was approved in August 2016 and CollegesWales has received the final payment. A staff study visit to the Basque Country, Spain took place in June 2016. The project end date is 31 May 2017 and the final report is due by 31 July 2017. There is funding available for a staff visit to Catalonia, Spain in May 2017.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**14 Funds - (Con't)**

Erasmus+ Learner 2015 - Funding was approved in May 2015 to enable 92 vocational learners and apprentices to undertake two week work placements in Europe. The total value of the project is €221,574 and the project end date is 31 May 2017 with the final report due on 31 July 2017.

Erasmus+ Learner 2016 - Funding was approved in May 2016 to enable 215 vocational learners and apprentices to undertake two week work placements in Europe. The total value of the project is €481,056 and the project end date is 31 August 2018 with the final report due on 31 October 2018.

Erasmus + Post - The Welsh Government provided funding to build capacity within CollegesWales to increase its drawdown of European funding such as Erasmus+. Research work undertaken has focussed on the engagement of the FE colleges in past funding programmes as well as an indication of future engagement in EU funding programmes.

**The unrestricted funds held by the charity at 31st July 2016 were as follows:**

	£	
General Fund	337,378	This represents general unrestricted funds for use within the charity
Existing Capital Reserve	577,466	This represents funds designated for the net book value of capital assets held within the Charity at the year end.
Pension Reserve	(122,000)	This represents funds designated for the pension scheme liability held by the charity at the year end.
Critical / Closure costs	172,027	To meet the potential closure costs which would be incurred should the charity cease.
Strategic reserve	93,615	To meet the costs of strategic expenditure identified within the designated reserves which are funded through income and expenditure account.
Future Capital Reserve	59,500	This represents future plans for capital spend
	<u>1,117,986</u>	

**Analysis of assets between funds:**

	Unrestricted General Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Tangible Fixed Assets	593,593	-	593,593	579,574
Current Assets	931,797	492,000	1,423,797	1,173,045
Current Liabilities	(407,404)	(492,000)	(899,404)	(354,418)
	<u>1,117,986</u>	<u>-</u>	<u>1,117,986</u>	<u>1,398,201</u>

**15 Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

<b>GROUP ONLY</b>	<b>Properties £</b>	<b>Other £</b>	<b>2016 £</b>	<b>2015 £</b>
Within one year	84,439	-	84,439	201,341
Between one and five years	-	16,947	16,947	88,558
	<u>84,439</u>	<u>16,947</u>	<u>101,386</u>	<u>289,899</u>

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**16 Comparative Statement of Financial Activities**

Note	Unrestricted funds £	Restricted funds £	Total 2015 £
<b>INCOME AND ENDOWMENTS FROM</b>			
<b>Donations and legacies</b>	-	-	-
<b>Charitable activities:</b>			
Annual subscriptions	595,698	-	595,698
Advancement of education for the benefit of the general public	62,758	962,498	1,025,256
<b>Other trading activities:</b>			
Commercial trading operations	337,620	-	337,620
<b>Investments</b>	16,982	-	16,982
<b>Other activities:</b>			
Net finance income from pension assets	2,000	-	2,000
<b>Total income</b>	<b>1,015,058</b>	<b>962,498</b>	<b>1,977,556</b>
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Advancement of education for the benefit of the general public	698,458	978,709	1,677,167
<b>Other trading activities:</b>			
Commercial trading operations	335,437	-	335,437
<b>Total expenditure</b>	<b>1,033,895</b>	<b>978,709</b>	<b>2,012,604</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TAXATION</b>	<b>(18,837)</b>	<b>(16,211)</b>	<b>(35,048)</b>
Taxation	(54)	-	(54)
<b>NET INCOME / (EXPENDITURE)</b>	<b>(18,891)</b>	<b>(16,211)</b>	<b>(35,102)</b>
<b>Transfers between funds</b>	<b>(16,211)</b>	<b>16,211</b>	-
<b>OTHER RECOGNISED GAINS / (LOSSES)</b>			
Actuarial (loss) / gain on defined benefit scheme	2,000	-	2,000
<b>Net movement in funds in year</b>	<b>(33,102)</b>	-	<b>(33,102)</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	1,431,303	-	1,431,303
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>1,398,201</b>	-	<b>1,398,201</b>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**17 Capital commitments and contingencies**

There were no capital commitments as at 31 July 2016 (2015: nil)

**18 Post balance sheet events**

No new leases have been taken out since the year-end.

**19 Pensions**

The charity participates in the Cardiff & Vale of Glamorgan pension fund (the "Fund"), which is part of the Local Government Pension Scheme. Colegau Cymru / Colleges Wales participates in the Fund which provides defined benefits on members' final pensionable salary. In accordance with FRS17 - Retirement Benefits disclosure defined benefits, of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

**Contributions for the year ending 31 July 2017**

The Employer's regular contributions to the fund for the year ending 31 July 2017 are estimated to be £0.060M. In addition, Strain on Fund Contributions may be required.

**Assumptions**

The latest actuarial valuation of Colleges Wales liabilities took place as at 31 March 2013. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS17 purposes were:

	<b>31-Jul-16</b> <b>(% pa)</b>	<b>31-Jul-15</b> <b>(% pa)</b>	<b>31-Jul-14</b> <b>(% pa)</b>
Discount rate	2.3	3.6	4.0
RPI inflation	2.9	2.1	2.1
CPI inflation	1.8	2.1	2.1
Rate of increase to pensions in payment	1.8	2.1	2.1
Rate of revaluation of pension accounts	1.8	2.1	2.1
Rate of general increase in salaries	2.8	3.1	3.1

**Mortality Assumptions**

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

**Assumed life expectancy at age 65**

<b>Males</b>	<b>31 July 16</b>	<b>31 July 15</b>
Future lifetime from age 65 (current aged 65)	23.8	23.8
Future lifetime from age 65 (current aged 45)	25.9	25.8
<b>Females</b>	<b>31 July 16</b>	<b>31 July 15</b>
Future lifetime from age 65 (current aged 65)	26.8	26.7
Future lifetime from age 65 (current aged 45)	29.1	29.0

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**19 Pensions - (Cont'd)**

**Reconciliation of funded status to balance sheet**

	Value at 31 July 2016 (£M)	Value at 31 July 2015 (£M)	Value at 31 July 2014 (£M)
Fair value of fund assets	2.339	2.051	2.035
Present value of liabilities	(2.461)	(2.018)	(2.014)
Net pension asset/(liability) before consideration of paragraph 41	(0.122)	0.033	0.02
Unrecognised asset due to limit in paragraph 41	0.000	0.000	0.000
Pension asset/(liability) recognised on the Balance Sheet	(0.122)	0.033	0.02

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**19 Pensions - (Cont'd)**

<b>Amounts recognised in Income Statement</b>	<b>Year ending 31 July 2016 (£M)</b>	<b>Year ending 31 July 2015 (£M)</b>
<b>Operating Cost</b>		
Current service costs	0.052	0.050
Past service costs	0.000	0.000
Curtailment cost	0.000	0.000
Settlement cost	0.000	0.000
<b>Financing Cost</b>		
Interest costs	(0.002)	(0.002)
<b>Expense recognised in Profit and Loss</b>	<b>0.050</b>	<b>0.048</b>

Allowance for administration expenses included in Current Service Cost in 2016 is £0.001m and in 2015 £0.001m.

<b>Changes to the present value of liabilities during the year</b>	<b>Year ending 31 July 2016 (£M)</b>	<b>Year ending 31 July 2015 (£M)</b>
Opening present value of liabilities	2.018	2.014
Current service cost	0.052	0.048
Interest cost	0.073	0.078
Contributions by participants	0.019	0.020
Actuarial (gains)/losses on liabilities *	0.298	0.109
Net benefits paid out #	0.001	(0.251)
Past service cost	0.000	0.000
Net increase in liabilities from disposals and acquisitions	0.000	0.000
Curtailments	0.000	0.000
Settlements	0.000	0.000
<b>Closing present value of liabilities</b>	<b>2.461</b>	<b>2.018</b>

\* Includes changes to the actuarial assumptions

# Consists of net cashflow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**19 Pensions - (Cont'd)**

<b>Changes to the fair value of assets during the year</b>	<b>Year ending 31 July 2016 (£M)</b>	<b>Year ending 31 July 2015 (£M)</b>
Opening fair value of assets	2.051	2.035
Interest income on assets	0.075	0.078
Remeasurement gains/(losses) on assets	0.136	0.11
Contribution by the employer	0.057	0.058
Contribution by participants	0.019	0.020
Net benefits paid out #	0.001	(0.251)
Net increase in assets from disposals and acquisitions	0.000	0.000
Settlements	0.000	0.000
<b>Closing fair value of assets</b>	<b>2.339</b>	<b>2.051</b>

# Consists of net cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service sums.

<b>Actual return on assets</b>	<b>Year ending 31 July 2016 (£M)</b>	<b>Year ending 31 July 2015 (£M)</b>
Interest income on assets	0.075	0.078
Gain/(Loss) on assets	0.136	0.111
<b>Actual return on assets</b>	<b>0.211</b>	<b>0.189</b>

<b>Analysis of amount recognised in Other Comprehensive Income</b>	<b>Year ending 31 July 2016 (£M)</b>	<b>Year ending 31 July 2015 (£M)</b>
Asset gains/(losses) arising during the period	0.136	0.111
Liability gains/(losses) arising during the period	(0.298)	(0.109)
<b>Total (loss) in OCI</b>	<b>(0.162)</b>	<b>0.002</b>

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**20 EFFECT OF FRS17 ON THE DEFICIT FOR THE YEAR**

	<b>2016 £</b>	<b>2015 £</b>
Deficit before FRS17 adjustment	(111,215)	(25,102)
<b>FRS17 Included in the Income &amp; expense account</b>		
Employers contributions transferred against liability	57,000	58,000
FRS17 Adjustment	(52,000)	(50,000)
Finance Income	2,000	2,000
<b>(Deficit) per accounts</b>	<b>(118,215)</b>	<b>(35,102)</b>



**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**21 Related party transactions**

Due to the nature of the company's activities and the composition of its board of directors and that of its subsidiary undertaking Fforwm Services Limited, (being principals and Governors of Further Education colleges in Wales) it is inevitable that in the course of its normal business activities, the company will undertake transactions with those Colleges in which a member of the board of the company, or its subsidiary undertaking will have an interest.

All transactions involving Colleges in which a member of either Board of Directors may have an interest are conducted at arms length and in accordance with the company's normal financial procedures.

The directors of the company during the year and their relationship with the respective Colleges were :

<b>Director</b>	<b>College</b>	<b>Relationship</b>
John Clutton	Chair, Coleg Cambria	Observer
Judith Evans (Chair)	CEO/Principal, Coleg y Cymoedd	Trustee
Liz James (resigned 31 July 2016)	Chair, Coleg y Cymoedd	Observer
Simon Pirotte	CEO/Principal, Bridgend College	Trustee
Mike James	CEO/Principal, Cardiff and Vale College	Trustee
David Jones OBE	CEO/Principal, Coleg Cambria	Trustee
Jacqui Weatherburn	CEO/Principal, Coleg Ceredigion	Trustee
Dafydd Evans (appointed 20 September 2016)	CEO/Principal, Grŵp Llandrillo Menai	Trustee
Guy Lacey (appointed 22 September 2015)	CEO/Principal, Coleg Gwent	Trustee
Barry Liles	CEO/Principal, Coleg Sir Gâr	Trustee
Mark Jones	CEO/Principal, Gower College Swansea	Trustee
Glyn Jones OBE (resigned 31 August 2016)	CEO/Principal, Grŵp Llandrillo Menai	Trustee
Mark Dacey	CEO/Principal, NPTC Group of Colleges	Trustee
Sharon Lusher	CEO/Principal, Pembrokeshire College	Trustee
Mark Leighfield	CEO/Principal, St David's Catholic College	Trustee
John O'Shea	CEO/Principal, The College Merthyr Tydfil	Trustee
Nigel Bayford (appointed 20 September 2016)	Chair, Coleg y Cymoedd	Observer
Mark Isherwood	CEO/Principal, Adult Learning Wales	Trustee

The Directors of the subsidiary undertaking, Fforwm Services Limited, during the year and their relationship with the respective Colleges were:

<b>Director</b>	<b>College</b>	<b>Relationship</b>
Judith Evans (Chair)	CEO/Principal, Coleg y Cymoedd	Director
Mike James	CEO/Principal, Cardiff and Vale College	Director
Sharon Lusher (appointed 12 July 2016)	CEO/Principal, Pembrokeshire College	Director
Barry Liles	CEO/Principal, Coleg Sir Gâr	Director
Glyn Jones OBE (resigned 31 August 2016)	CEO/Principal, Grŵp Llandrillo Menai	Director

The invoices issued to the relevant colleges during the year were for subscriptions for membership of Colegau Cymru / Colleges Wales, fees for attending network, staff development and governance events and reimbursement of projects costs. Payments made to colleges were for catering at network events, work carried out on project activities and MA leadership and management programme events.

Included in company debtors is an amount of £7,399 (2015: £67,152) due from Fforwm Services Limited, the charity's trading subsidiary.

During the year Fforwm Services Limited declared a Deed of Covenant payment due to Colegau Cymru / Colleges Wales of £NIL (2015: £2,200).

**COLLEGES WALES / COLEGAU CYMRU LIMITED**

(Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2016**

**21 Related party transactions - (Con't)**

**Income invoiced to Colleges during the year**

	Subs- criptions £	Chongqing £	Sport £	Staff Devm't £	ALIS £	Other £	Total £
Bridgend College	33,730	-	1,698	129	-	-	35,557
Cardiff and Vale College	56,810	-	2,888	-	-	24	59,722
Coleg Ceredigion	6,907	-	382	-	-	129	7,418
Coleg Gwent	60,658	-	4,061	-	1,696	44	66,459
Coleg y Cymoedd	60,658	-	3,059	-	1,061	129	64,907
Coleg Sir Gâr	33,730	-	1,618	-	945	129	36,422
Coleg Cambria	60,658	-	3,805	-	-	258	64,721
Gower College Swansea	53,713	-	2,547	-	-	1,058	57,318
Grŵp Llandrillo Menai	60,658	-	4,276	-	4,824	258	70,016
The College Merthyr Tydfil	12,326	-	870	-	-	44	13,240
NPTC Group of Colleges	56,810	-	2,637	-	3,053	-	62,500
Pembrokeshire College	22,263	-	1,114	722	-	258	24,357
St David's Catholic College	8,341	-	509	-	1,946	24	10,820
Adult Learning Wales	10,517	-	536	-	-	24	11,077
<b>Total</b>	<b>537,779</b>	<b>-</b>	<b>30,000</b>	<b>851</b>	<b>13,525</b>	<b>2,379</b>	<b>584,534</b>

**Payments to Colleges during the year**

	Catering/ Accom. £	Chongqing £	Training £	Other £	Projects £	Bilingual £	Total £
Bridgend College	-	-	-	-	21,479	-	21,479
Cardiff and Vale College	-	-	-	-	11,049	-	11,049
Coleg Ceredigion	-	-	-	-	5,700	-	5,700
Coleg Gwent	-	-	-	-	7,667	-	7,667
Coleg y Cymoedd	-	-	-	-	29,737	-	29,737
Coleg Sir Gâr	-	-	-	-	23,337	-	23,337
Coleg Cambria	-	-	-	-	24,150	-	24,150
Gower College Swansea	-	-	-	-	7,750	-	7,750
Grŵp Llandrillo Menai	211	-	-	-	12,692	-	12,903
The College Merthyr Tydfil	203	-	-	-	8,750	-	8,953
NPTC Group of Wales	1,102	-	-	-	27,600	-	28,702
Pembrokeshire College	230	-	-	-	7,000	-	7,230
St David's Catholic College	-	-	-	-	6,356	-	6,356
Adult Learning Wales	-	-	-	-	108	-	108
	<b>1,746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,375</b>	<b>-</b>	<b>195,121</b>

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**21 Related party transactions - (Con't)**

The following amounts were receivable from Colleges at 31 July 2016:

	£
Gower College Swansea	400
<b>Total</b>	<b>400</b>

The following amounts were payable to Colleges at 31 July 2016:

	£
Bridgend College	2,000
Coleg Sir Gâr	15,087
St David's Catholic College	1,356
<b>Total</b>	<b>18,443</b>

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2016**

**21 Related party transactions - (Con't)**

**Fforwm Services Ltd**

**Income invoiced to Colleges during the year**

	Lease rental income £	Staff development course £	Other £	Total £
Bridgend College	-	1,350	-	1,350
Cardiff and Vale College	-	1,177	-	1,177
Coleg Ceredigion	-	930	-	930
Coleg Gwent	-	2,554	-	2,554
Coleg y Cymoedd	-	2,960	-	2,960
Coleg Sir Gâr	-	1,905	-	1,905
Coleg Cambria	-	1,505	-	1,505
Gower College Swansea	-	2,800	-	2,800
Grŵp Llandrillo Menai	76,000	2,055	-	78,055
The College Merthyr Tydfil	-	520	-	520
NPTC Group of Colleges	-	1,450	1,895	3,345
Pembrokeshire College	-	2,060	-	2,060
St David's Catholic College	-	520	-	520
Adult Learning Wales	-	360	-	360
<b>Total</b>	<b>76,000</b>	<b>22,146</b>	<b>1,895</b>	<b>100,041</b>

**Payments to Colleges during the year**

	Lease rental expenditure £	Catering Accom and Room Hire £	Other £	Total £
Grŵp Llandrillo Menai	75,000	364	-	75,364
NPTC Group of Colleges	-	759	-	759
	<b>75,000</b>	<b>1,123</b>	<b>-</b>	<b>76,123</b>

**The following amounts were receivable from Colleges at 31 July 2016:**

	£
Bridgend College	795
Cardiff and Vale College	1,068
Coleg Ceredigion	252
Coleg Gwent	492
Coleg y Cymoedd	1,152
Coleg Sir Gâr	1,590
Coleg Cambria	870
Gower College Swansea	984
Grŵp Llandrillo Menai	1,416
NPTC Group of Colleges	708
Pembrokeshire College	168
St David's Catholic College	168
<b>Total</b>	<b>9,663</b>

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**22 FRS 102 Reconciliation of consolidated balance sheet as at date of transition (1 August 2014)**

	Note	UK GAAP £	Effect of transition to FRS £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		782,441	-	782,441
		<u>782,441</u>	-	<u>782,441</u>
<b>CURRENT ASSETS</b>				
Debtors		337,170	-	337,170
Cash at bank and in hand		688,222	-	688,222
		<u>1,025,392</u>	-	<u>1,025,392</u>
CREDITORS: amounts falling due within one year		(397,530)	-	(397,530)
<b>NET CURRENT ASSETS</b>		<b>627,862</b>	-	<b>627,862</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,410,303</b>	-	<b>1,410,303</b>
Defined pension scheme asset		21,000	-	21,000
<b>TOTAL ASSETS</b>		<b><u>1,431,303</u></b>	-	<b><u>1,431,303</u></b>
<b>Represented by:</b>				
Unrestricted funds				
<i>General Fund</i>	<b>A</b>	642,109	789,194	1,431,303
<i>Capital Asset Reserve</i>	<b>A</b>	768,194	(768,194)	-
<i>Pension Reserve</i>	<b>A</b>	21,000	(21,000)	-
Restricted funds		-	-	-
		<u>1,431,303</u>	-	<u>1,431,303</u>

**Notes to reconciliation:**

**A:** This adjustment reflects the requirements of FRS 102 to only show aggregated unrestricted reserves on the face of the balance sheet

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**22 FRS 102 Reconciliation of consolidated balance sheet as at 31 July 2015**

	Note	UK GAAP £	Effect of transition to FRS £	FRS 102 £
<b>FIXED ASSETS</b>				
Tangible assets		579,574	-	579,574
		<u>579,574</u>	-	<u>579,574</u>
<b>CURRENT ASSETS</b>				
Debtors		333,604	-	333,604
Cash at bank and in hand		839,441	-	839,441
		<u>1,173,045</u>	-	<u>1,173,045</u>
CREDITORS: amounts falling due within one year		(387,418)	-	(387,418)
<b>NET CURRENT ASSETS</b>		<b>785,627</b>	<b>-</b>	<b>785,627</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,365,201</b>	<b>-</b>	<b>1,365,201</b>
Defined pension scheme asset		33,000	-	33,000
<b>TOTAL ASSETS</b>		<b><u>1,398,201</u></b>	<b>-</b>	<b><u>1,398,201</u></b>
<b>Represented by:</b>				
Unrestricted funds				
<i>General Fund</i>	A	797,837	600,364	1,398,201
<i>Capital Asset Reserve</i>	A	567,364	(567,364)	-
<i>Pension Reserve</i>	A	33,000	(33,000)	-
Restricted funds		-	-	-
		<u>1,398,201</u>	-	<u>1,398,201</u>

**Notes to reconciliation:**

**A:** This adjustment reflects the requirements of FRS 102 to only show aggregated unrestricted reserves on the face of the balance sheet

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

**22 FRS 102 Reconciliation of consolidated Statement of Financial Activities (SOFA) for the year ended 31 July 2015**

	Note	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 2016 £
<b>INCOME AND ENDOWMENTS FROM</b>				
<b>Donations and legacies:</b>				
Deed of covenant		2,200	-	2,200
<b>Charitable activities:</b>				
Annual subscriptions		595,728	-	595,728
Advancement of education for the benefit of the general public		1,025,256	-	1,025,256
<b>Investments</b>		16,863	-	16,863
<b>Other activities:</b>				
Net finance income from pension assets	A	-	2,000	2,000
<b>Total income</b>		<b>1,640,047</b>	<b>2,000</b>	<b>1,642,047</b>
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Advancement of education for the benefit of the general public	A & B	1,583,615	93,552	1,677,167
Governance costs	B	38,552	(38,552)	-
<b>Total expenditure</b>		<b>1,622,167</b>	<b>55,000</b>	<b>1,677,167</b>
<b>NET INCOME / (EXPENDITURE)</b>		<b>17,880</b>	<b>(53,000)</b>	<b>(35,120)</b>
<b>OTHER RECOGNISED GAINS / (LOSSES)</b>				
Actuarial (loss) / gain on defined benefit scheme	A	(51,000)	53,000	2,000
<b>Net movement in funds in year</b>		<b>(33,120)</b>	<b>-</b>	<b>(33,120)</b>

**Notes to reconciliation:**

**A:** This adjustment reflects the change in defined benefit pension scheme treatment under FRS 102

**B:** Governance costs have been moved to support costs to comply with the requirements of SORP 2015 FRS 102.