

# **Colleges Wales / Colegau Cymru Limited**

## **Consolidated Financial Statements**

### **for the Year Ended 31 July 2014**

THURSDAY



A07      \*A46ERLFT\*      #218  
30/04/2015  
COMPANIES HOUSE

**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           |
| Legal and Administrative Information           | 2           |
| Trustees Report                                | 3           |
| Report of the Independent Auditors             | 17          |
| Consolidated Statement of Financial Activities | 19          |
| Consolidated Balance Sheet                     | 21          |
| Company Balance Sheet                          | 22          |
| Consolidated Cash Flow Statement               | 23          |
| Notes to Cash Flow Statement                   | 24          |
| Notes to the Financial Statements              | 28          |
| Consolidated Profit & Loss Account             | Appendix 1  |

## Legal and Administrative Information

### Trustees

The trustees, who held office during the year, unless otherwise stated, were as follows:

|                                     |                                       |
|-------------------------------------|---------------------------------------|
| Mark Jones (Chair)                  | Barry Liles (from 12 May 2014)        |
| Jim Bennett                         | Derek Lloyd (resigned 12 May 2014)    |
| Judith Evans                        | Mark Leighfield (from 12 May 2014)    |
| Mark Dacey (from 12 May 2014)       | Sharron Lusher (from 12 May 2014)     |
| Maggi Dawson MBE (from 12 May 2014) | John O'Shea (from 12 May 2014)        |
| Mark Isherwood (from 12 May 2014)   | Jon Parry (resigned 10 January 2014)  |
| Mike James (from 12 May 2014)       | Simon Pirotte                         |
| David Jones OBE                     | Jacqui Weatherburn (from 12 May 2015) |
| Glyn Jones OBE                      |                                       |

### Chief Executive

John Graystone – (retired August 2014)  
Greg Walker – (appointed August 2014)

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

|  |   |
|--|---|
| Charity Name:                              | Colleges Wales / Colegau Cymru Limited  |
| Company Number:                            | 2832103   |
| Registered Charity Number:                 | 1060182   |
| Registered Office and operational address: | Unit 7<br>Cae Gwyrdd<br>Greenmeadow Springs<br>Tongwynlais<br>Cardiff<br>CF15 7AB |
| Auditors:                                  | Bevan Buckland<br>Langdon House<br>Langdon Road<br>Swansea Waterfront<br>SA1 8QY  |
| Solicitors:                                | Eversheds<br>1 Callaghan Square<br>Cardiff<br>CF10 5BT                            |
| Bankers:                                   | Barclays Bank plc<br>PO Box 69<br>Cardiff<br>CF1 1SG                              |

## **Report of the Trustees and Directors for the year ended 31 July 2014**

The trustees, who are also directors of the charity for the purposes of the Companies Act, present their report (which incorporates the directors' report) and the audited financial statements of Colleges Wales / ColegauCymru Limited and its subsidiary (fforwm Services Limited) for the year ended 31 July 2014.

### **Structure, Governance and Management**

The company was originally incorporated in 1993 as fforwm Limited and on 1 July 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 subsidiary of Colleges Wales / ColegauCymru Limited.

### **Governance**

The charity is an incorporated legal entity limited by guarantee, the business of which is governed by its Memorandum and Articles of Association. It registered as a charity with the Charity Commission on 16 January 1997. The trustees who served on the board during the year, and up to the date of this report, are listed on page 2. The directors of the subsidiary company are appointed by and from ColegauCymru's Board of Directors and for the period were as follows:

Derek Lloyd (resigned 12 May 2014)  
Judith Evans (appointed 23 September 2014)  
Mike James  
Mark Jones (Chair)  
Barry Liles (appointed 23 September 2014)  
Glyn Jones OBE (resigned 23 September 2014)

### **Appointment of Trustees**

Following a variance to its Articles in May 2014, the Board now comprises of all college principals and two chairs of governing bodies of the member colleges; the chairs appointed as observer members. The variance was approved at an Extraordinary General Meeting on 12 May 2014.

Under the requirements of the Memorandum and Articles of Association, the appointment of college 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. All trustees give their time voluntarily and receive no personal benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

### **Trustee Induction**

New trustees receive information on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, financial performance, relevant policies and procedures and future plans and objectives along with Charity Commission information and publications. The trustees are also given opportunities to meet with key employees and are encouraged to attend training events where relevant.

## Organisation

ColegauCymru is a national educational charity that represents all of Wales' further education (FE) colleges and designated FE institutions. ColegauCymru operates on a self-funding basis through subscriptions from its member further education (FE) colleges and institutions. All 15 FE colleges/institutions in Wales are in membership. Additional income is generated by organising professional training events and conferences, conducting research and coordinating development projects related to the further education sector in Wales.

The objectives and aims of ColegauCymru are reviewed annually. A business plan is prepared against which activities are monitored. This review ensures that the charity's operations are focused on its stated 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).

The Chief Executive is responsible for the day to day management of ColegauCymru. The charity is accredited as an Investor in People.

## Risk Management

The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping adequate accounting records which show and explain the charity's transactions and which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities and providing reasonable assurance that:

- the charity is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition
- proper records are maintained and financial information used within the charity or for publication is reliable
- the charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, assurance against material misstatement or loss. They include:

- a strategic plan and an annual budget approved by the trustees
- regular consideration by the trustees of financial results, variance from budgets and non-financial performance
- delegation of authority and segregation of duties
- identification and management of risks.

The trustees have reviewed the formal risk management process. This process is linked to the strategic plan and reviewed in line with annual planning processes. Systems have been developed to monitor and control these risks:

- identifying the types of risk ColegauCymru faces
- prioritising them in terms of potential impact and likelihood
- identifying means of mitigating the risks.

These risks and controls are reviewed by the trustees at bi-annual meetings of the Audit Committee. Areas of significant risk are referred to the board for its immediate attention.

## Objectives and Aims

The company's charitable objects and principal activities remain to promote the advancement of education for the benefit of the general public in Wales. Through its work, the charity seeks to:

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

The aims of the charity follow on from the objectives with a key focus on post-14 education, lifelong learning and skills. The prime purpose is to lead the FE sector in raising the performance of further education with key decision-makers to improve opportunities for learners in Wales. In carrying out its mission, ColegauCymru will lead and support high quality education, training and lifelong learning aimed at stimulating economic development, social well-being and cultural life, raising skills levels and, building on the latest technology and digital learning techniques, improving opportunities for learners.

## 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 essentially local and regional institutions providing services in 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.

## Operational Activities

The company was created in 1993 as the single voice to promote the interests of colleges in Wales' post-16 education sector. ColegauCymru has built on its representational role whilst developing its range of services for member colleges. ColegauCymru's services include networks, professional training events and conferences, research, consultancy and the sharing of good practice. It also works closely with a wide range of partners in post-16 education and training. Through ColegauCymru, colleges are represented on various committees, working parties and other groups influencing and shaping policy in post-16 education and lifelong learning sector for the ultimate benefit of the learner.

ColegauCymru has supported colleges as they respond to the economic downturn and help

reinvigorate the economy of Wales by taking forward various Welsh Government employment and training initiatives. At the end of 2014 over 100,000 people were unemployed in Wales which includes almost 39,000 young people aged 16–24<sup>1</sup>. FE colleges play a crucial role in assisting those not in education, employment and training (NEET) get on their feet, and in equipping the working population with appropriate skills. ColegauCymru continues to emphasise to the Welsh Government the key roles of the colleges in (i) promoting social justice through tackling deprivation and providing a second chance for learners; and; (ii) supporting a buoyant economy by raising skills levels to meet the needs of businesses in Wales.

During the 2012/13 academic year 167,715 learners were enrolled at Further Education institutions in Wales<sup>2</sup>. Most enrolments (60%) at FE colleges were for part-time studies whilst a further 11% pursued work-based learning (WBL) provision. 26% of learners were ages under 19 and 45% were aged under 25.

### **Representational role**

ColegauCymru has participated in a number of Welsh Government-convened groups and forums that have been established to re-develop policies affecting post-16 learners in Wales. A key focus during the year was responding, with the support of member colleges, to:

- the development of a new Skills Policy in Wales (September 2013)
- the consultation on co-investment in skills between learners and employers arising from the Welsh Government's new skills policy (February 2014)
- the consultation on the dissolution of FE corporations arising from the Further and Higher Education (Governance and Information) Act 2014
- the arrangements for setting up the Education Workforce Council, with the Chief Executive invited to serve on the Education Workforce Council Reference Group made up of 15 individuals from further education, schools, youth work, supply teachers, work-based learning and the trade unions
- the development of the revised Welsh Baccalaureate Qualification and its associated team challenges.

In addition, ColegauCymru gave oral and written evidence to:

- the National Assembly for Wales (NAW)'s Children and Young People's Committee on the Further and Higher Education (Governance and Information) Bill
- the NAW's Finance Committee on the 2014/15 further education budget (September 2013)
- the NAW's Enterprise and Business Committee's Inquiry into EU Funding Opportunities 2014 – 2020 (January 2014)
- the NAW's Children, Education and Young People's Committee on the Higher Education (Wales) Bill (June 2014)
- the NAW's Enterprise and Business Committee's Inquiry into STEM Skills (May and June 2014)
- the Diamond Review of HE fees and funding (October 2014)

ColegauCymru representatives also met with the Education Minister, the Deputy Minister for Education and Skills, and Welsh Government officials with regards to the further education budgets for 2014-2015 and 2015-2016.

ColegauCymru is also the FE representative on the Sport Wales Stakeholders Reference Group for the future delivery of community sport in Wales and at a UK level on the AoC Sport National Operations Group.

---

<sup>1</sup> Annual Population Survey, year ending December 2014, Office for National Statistics

<sup>2</sup> SDR 45/2015 Further Education, Work-based Learning and Community Learning in Wales 2013/14, Welsh Government, 25 March 2015

### ***Raising Standards and Sharing Good Practice***

ColegauCymru continues to work with member colleges to take forward self-regulation and encourage the sharing of good practice. ColegauCymru's Improving Quality Group works closely with the Welsh Government's Department for Education and Skills (DfES) on its national quality effectiveness framework, alongside other key representatives that form the Group's membership, in particular, Estyn and the National Training Federation for Wales (NTFW).

As part of its Quality Improvement Fund, the Welsh Government allocated funding to support the development of professional learning communities and to provide space for teachers to undertake supported experiments in pedagogy techniques with the aim of improving the quality of teaching and learning in further education. The resources from the supported experiment projects were shared at a national dissemination conference organised by ColegauCymru March 2014, where attendance was also opened to the higher education sector and for-profit training companies. All of the materials produced as part of the project, as well as the filmed proceedings and slides from the dissemination event are available online on ColegauCymru's online CPD platform, Moodle.

ColegauCymru continues to support and take forward the National Bilingual Strategy for FE in Wales, and new Welsh medium networks have been set up in specific curriculum areas over the year.

In May 2014 ColegauCymru signed a Memorandum of Understanding (MoU) with the Urdd youth movement, outlining their respective partnership commitments to providing opportunities for young people in Wales to live full and active lives through the medium of Welsh. The first agreement as a result of the MoU was that six vocational competitions would be piloted in the Urdd National Eisteddfod in 2015.

A Memorandum of Understanding between ColegauCymru and Coleg Cymraeg Cenedlaethol was signed in August 2013, which sets out a basis for working together to support the growth and development of Welsh-medium provision in the FE and HE sectors and, specifically, to work towards creating more progression routes that will allow more students to continue to study at least part of their course through the medium of Welsh. £30,000 has been invested on five pilot projects within the sector to date.

ColegauCymru is the lead organisation for promoting sport, physical activity and volunteering in FE in Wales representing the sector and encouraging collaboration between colleges. With the appointment of the National Sports Coordinator in February 2014 the following has been achieved to date:

- ❶ development of the ColegauCymru National Sport Development Plan for FE in Wales
- ❷ hosting the inaugural Welsh Colleges Sport Conference in June 2014, which introduced a range of new types of sporting activities to colleges and shared good practice in the development of students as leaders
- ❸ agreement with Sport Wales to extend its annual School Sport Survey to FE in order for colleges to obtain valuable baseline data. The FE Sport Survey will launch in April 2015.
- ❹ planning for a new Welsh Colleges Sport website and an increase in the visibility of Welsh Colleges Sport online using social media channels in Welsh and English.

### ***Continuous Professional Development Training***

- ❶ ColegauCymru provides continuous professional development (CPD) training events and conferences that are attended by members and the wider post-16 education sector in Wales and England. The training continues to support colleges by providing cost-effective quality training in order to achieve the aim of raising standards and achieving excellence in teaching and learning.



- ❶ ColegauCymru has successfully developed and delivered postgraduate level training programmes with partner universities. The Postgraduate Certificate (PgCert) in Leadership and Management and the MA Leadership and Management (FE) have continued to enroll managers and aspiring managers.
- ❷ ColegauCymru facilitates 35 curriculum and functional managers' networks which meet 2–3 times a year. A number of the networks are open to a wider spectrum of post-16 educators, and are attended by training providers that operate in the private sector, adult community learning providers and higher education institutions. Attendance at the network meetings is free.
- ❸ Around 110 people attended ColegauCymru's 21<sup>st</sup> Annual Conference and Awards Ceremony in May 2014. Key speakers were drawn from major employers, academia, and the Welsh Government. Workshops looked to share and further develop good practice across a range of key areas relevant to the post-16 educational sector. The proceedings were published on the ColegauCymru website. The Annual Awards recognised outstanding achievement in the breadth of provision offered by FE institutions and acknowledged collaboration between institutions and other organisations. Videos of the shortlisted individuals for Teacher of the Year and Learner of the Year were published on ColegauCymru's Youtube channel, and a booklet outlining the best practice highlights of each shortlisted application is also available on the ColegauCymru website.

### **Research and Development Projects**

ColegauCymru has been successful in bidding for a number of educational research and development projects. These include:

- ❶ **iTunes U:** The project, funded by Jisc Advance and led by ColegauCymru, focused on establishing whether or how the FE sector might make use of the iTunes U learning platform. The project created new CPD resources for staff in the post-16 education and skills sector, published new and existing CPD resources on the iTunes U platform, under the ColegauCymru brand, and gathered feedback from colleges on its usefulness and potential for wider dissemination.
- ❷ **ECVET Experts Project:** ColegauCymru is the national contact point (NCP) for the ECVET Experts which is being led by Ecorys, the UK National Agency that manages Erasmus+ funding. This project explores how to add value to European mobility periods through official recognition of the learning acquired overseas. The project commenced in March 2014 and will finish at the end of December 2015.
- ❸ **Rainova:** ColegauCymru was one of 14 European partners in the Rainova project exploring regional approaches to innovation in the vocational education and training sector. The three year project, led by the Basque Country, ended in December 2014.
- ❹ **EU Initiatives in Vocational Education and Training (VET):** ColegauCymru has become the national contact point (NCP) for the European Qualifications Framework (EQF), European Quality Assurance in Vocational Education and Training (EQAVET) and the Validation of non-formal and Informal Learning (VIL). This project runs for three years until March 2016.
- ❺ **Erasmus+:** Erasmus+ is the new European Lifelong Learning Programme that runs from 2014-2020. A successful application for funding by ColegauCymru in February 2014 will enable 14 senior Teaching and Learning Managers, 1 Principal, 2 representatives from the Welsh Government and 2 representatives from Estyn to visit Finland in May 2015 to explore the Finnish vocational sector and its strategies for improving standards of literacy and numeracy. ColegauCymru will continue to apply for Erasmus+ funding for vocational staff and learners under Erasmus+ in the future.

- ❶ **Sports:** Sport Wales is contributing funding for the development of sports and physical activity in FE and aims in particular to increase participation and volunteering in FE in Wales. The funding is aimed at under-represented groups, including young women, ethnic minorities and Communities First areas. Typically the funding will support new activity.
- ❷ **Welsh-medium resources:** ColegauCymru made a successful bid for £70,000 of Welsh Government funding to be re-invested into FE Welsh-medium projects. In consultation with its FE members and other post-16 education providers, four projects were identified, commencing on 1 April 2014 for completion by 31 March 2015. They four are: a social care digital library of teaching resources, extra-curricular activities for students, the creation of a leaflet highlighting Welsh/bilingual opportunities for students and a language awareness resource to be used as an essential part of induction for staff and CPD in FE colleges (and the wider post-16 education & skills sector) in Wales.
- ❸ **Leonardo:** ColegauCymru made its first successful bid for funding to the European Commission's Lifelong Learning Programme - Leonardo da Vinci in 2011. Three successful applications by ColegauCymru have secured over 400,000€ for the FE colleges in Wales to enable 138 full time vocational learners and apprentices to undertake two to three week work placements in Europe. The applications for 2012/14 and 2013/15 were ongoing during the 12 month period covered in this report.
- ❹ **Money for Life Financial Capability Project:** This is Lloyds Banking Group's £4 million financial capability and personal money skills programme, targeted at the FE and adults and community learning (ACL) sectors. For the last three years the project has been led by ColegauCymru and has been delivered in partnership with NTfW. The project has achieved the following:
  - ❶ Colleges have received £71,000 of direct funding.
  - ❷ Over 20,500 students have engaged in financial wellbeing activities.
  - ❸ 70 teams of young people entered the Money for Life Challenge and a Wales Final event was held at Royal Welsh College of Music & Drama in April 2014.
  - ❹ 23 fully funded "train the trainer" courses have been held across Wales, which have trained FE and WBL staff, volunteers and community groups
  - ❺ Over 420 practitioners had been trained by the end of 2014.
- ❺ **Money Skills Weeks:** This project has been funded by Barclays plc through the National Skills Academy for Financial Services (NSAFS). The initiative is designed to strengthen students' financial skills and knowledge, reduce their financial stress, and increase their chances of achieving their educational goals. Eleven colleges participated in the project again this year and received grants totaling £26,400.

### ***CollegesWales (UK) International***

In August 2011, eleven colleges in Wales formed the Wales China FE Consortium to work collaboratively with the vocation education and training sector in Chongquip, China. In August 2013, all of colleges in Wales save for the College Merthyr Tydfil became members of the consortium. During the year 2013/14, the decision was taken that ColegauCymru should cease formally to run the Chongqing Consortium and on 1 August 2014 the Consortium was handed over to the Welsh Government. Seven colleges have decided to remain involved (Bridgend College; Coleg Cambria; Coleg y Cymoedd; Gower College Swansea; Cardiff and Vale College and St David's Catholic College), with the new consortium granted a license to use the brand *CollegesWales (UK) International* for its work as the brand has gained some recognition in the Chinese province and indicates a regional/national breadth to the consortium's offer.

In 2014, the eligibility criteria of the British Council's International Professional Learning Communities fund included FE colleges. The colleges, through ColegauCymru's Teaching and Learning Network, chose to make collaborative bid. ColegauCymru secured £12,000 to fund a visit to a number of Canadian Community Colleges in November 2014 in order to consider in particular: literacy and numeracy, and tackling the link between educational achievement and poverty.

### **Welsh FE Purchasing Consortium**

Through its subsidiary company, fforwm Services Limited, the charity was involved in the running of the Welsh FE Purchasing Consortium (WFEPC). Following a review during the year, the Board concluded that the sector would be better served through working with other consortia and companies. The Welsh FE Purchasing Consortium closed on 31 July 2014.

### **Activities Delivering Public Benefit**

ColegauCymru continues to organise VQ Day (vocational qualifications day) in Wales, in partnership with the Welsh Government and the National Training Federation for Wales (NTfW) each June. The purpose of the event and accompanying media activity is to provide a platform to demonstrate the value of vocational qualifications and to celebrate individuals' successes on a national stage using case studies of previous vocational learners. Taster sessions for members of the public and schoolchildren are hosted as part of the Day and delivered by FE institutions and independent providers. An Awards Ceremony is also organised to celebrate vocational success, which in 2014, took place at the Coleg y Cymoedd's Nantgarw Campus.

In addition, 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. The competitions at lower levels, Skills Competitions Wales, are designed to inspire young, inexperienced vocational learners to aim high in their learning and career paths. The level of collaboration and output continues to strengthen.

Through the financial capability projects that ColegauCymru manages in Wales (Money for Life and Money Skills Weeks), the charity has reached housing associations, credit unions, a homeless centre, and Communities First areas. Each year that ColegauCymru has managed the project in Wales, it has succeeded in reaching a wider range and number of third sector organisations.

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 will be Welsh regional tournaments where colleges can compete to represent Wales at the British Colleges National Championships at Bath University. ColegauCymru is responsible for implementing "Going for Gold" the FE strategy for sport in Wales. Since February 2014 this has evolved to include "State of Play" an audit of sports provision in FE in Wales and the ColegauCymru National Sports Development Plan - a strategic plan for delivery of FE sport in Wales. A new Welsh Colleges Sport Steering group has also been convened to oversee and guide the development of all aspects of FE sport.

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.

## The strategic context

FE colleges have continued to respond positively to the Welsh Government's Transformation agenda. During the period, six further college mergers took place:

- ¶ Coleg Morgannwg and Ystrad Mynach College merged in August 2013 to become Coleg y Cymoedd
- ¶ Coleg Cambria was formed from the merger between Yale College Wrexham and Deeside College in August 2013
- ¶ NPTC Group was established from the merger between Neath Port Talbot College and Coleg Powys in August 2013
- ¶ Coleg Sir Gâr merged with University of Wales Trinity St David's on 1 August 2013
- ¶ Coleg Ceredigion merged with University of Wales Trinity St David's on 1 January 2014
- ¶ WEA South and Coleg Harlech/WEAN merged in January 2014 to form WEA Cymru.

Since January 2014, there have been 15 FE colleges in Wales - 10 FE colleges, 2 FE institutions and 3 colleges wholly owned by universities, compared with 25 six years ago. Colleges vary in size with the smallest having turnover of below £2m and the largest around £75m.

## Future Plans and Activities

Following the passage of the Further and Higher Education Act 2014 and various commencement orders and statutory instruments, colleges will have increased freedoms and there will be a new working relationship with the Welsh Government. The negotiations over the national contract for staff in FE have been completed and are being implemented. The next few years are likely to see further funding restraints on colleges as Government funding is reduced. The new Programmes for Learning will influence funding and the way in which curriculum areas are taught in colleges. They will also impact on the work of ColegauCymru's curriculum networks.

Nonetheless, colleges, through ColegauCymru, continue to look for and invest in new opportunities that deliver benefits to their learners and wider communities.

## Financial Review

Total income for the group was £1,654,689, an increase of £27,299. The income attributable to rentals receivable under the lease and leaseback arrangements undertaken by fforwm Services Limited has reduced but has been offset by an increase in grants received during the 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 surplus for the year on ordinary activities of £454,160 after actuarial gain on the defined benefit scheme of £373,000 (2013: gain of £117,000).

## Principal Funding Sources

ColegauCymru received £609,770 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 £444,971 and the provision of training under an MA programme for middle managers. The income from subscriptions has made it possible for ColegauCymru to deliver activities outlined in the business plan and to support Wales' colleges and FE institutions.

## 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 £1,431,303 (2013: £977,143). Of these assets £782,441 is held in fixed assets, these include the recently purchased office premises and, for the first time, a pension asset of £21,000 (2013: liability of £409,000). The Directors 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 setback and to be able to take advantage of opportunities which arise. In order to fulfill this requirement the Directors 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 Directors agreed that adequate reserves are necessary:

- to meet the fluctuating liabilities in the pension provision identified under FRS17. In 2012 an independent actuary report identified a liability of £564,000, while the liability was £409,000 for the year ended 31 July 2013 and an asset of £21,000 at 31 July 2014

- to retain a sum equal to six months' operating costs of £295,000, which we are currently working towards
- to ensure the continued operation of ColegauCymru funds should be retained to meet the accommodation requirements
- ColegauCymru is involved in numerous projects each year, funds are received from external bodies to fund these projects

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 assess in the successful completion of projects and safeguard against external dependencies. This income was £444,971 in 2014 (2013: £354,747).

The Directors recognise the need to review the policy on an annual basis to ensure that it continues to meet the requirements of the charity.

The Directors have recognised the importance to the company of retaining the membership of all the colleges in Wales and of actively pursuing a policy to ensure that the company recognises the needs of the whole sector and caters for them appropriately.

They also recognise the importance to the company 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.

### **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.

### **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 and the purchasing consortium for FE colleges.

The company made a profit for the year on ordinary activities of £698 (2013: £799 surplus) after making a deed of covenant payment of £3,250 (2013: £26,675) to Colleges Wales / ColegauCymru Ltd.

During the year the company's turnover decreased to £507,652 (2013: £545,419). 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.

Following the decision released on the Halifax case and the subsequent decision on Weald Leasing negotiated settlements with colleges, represented by PWC, and HMRC are taking place. The decline of income through the leasing arrangements will reduce the level of surplus generated by fforwm Services Limited in future years. In order to mitigate this, additional staff development activities are planned, these are projected to enable fforwm Services Limited to return a small surplus in future years.

Following a period of consultation the Board decided in April 2014 to close the Welsh FE Purchasing Consortium (WFEP), as it was considered that alternative purchasing arrangements would provide better value for money. As a result of this decision two members of staff were made redundant and the consortium closed on 31 July 2014.

The Directors consider the overall financial performance of the company during the year to be satisfactory. The reduction in lease income was predicted and has been a key subject of discussion at Board meetings. As stated above, other activities will be expanded to provide additional income.

### **Limited by Guarantee**

The company is limited by guarantee and as such has no shareholders. The members of the company are Wales' FE colleges and institutions.

### **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.

## Auditors

In March 2014 Bevan & Buckland were re-appointed as external auditors for a further three year period from 2013/14 – 2015/16.

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  
Mark Jones

Date 28<sup>th</sup> April 2015



## Corporate Governance Statement

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

The Board of Directors is 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 Board of Directors is 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 Board of Directors convenes 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 an external member who is not a member of the Board.

Both committees are chaired by Directors of the Board.

**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 2014**

We have audited the financial statements of Colleges Wales / Colegau Cymru Limited and its subsidiary company for the year ended 31 July 2014, on pages 18 to 47. 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).

This report is made solely to the Charity's trustees 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 group's trustees 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 Trustees' Responsibilities set out on pages 2 to 15, the trustees 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 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 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 Group's and Parent Company's affairs as at 31 July 2014 and of the group's and parent company's 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 applicable to Smaller Entities; 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 2014**

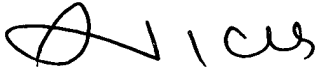
**OPINION ON MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' 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 directors' 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 ..... 30/4/2015 .....

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**AND INCOME & EXPENDITURE ACCOUNT**  
**(including Statement of Total Recognised Gains and Losses)**  
**FOR THE YEAR ENDED 31 JULY 2014**

|  | Note | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2014<br>£ | Total<br>2013<br>£ |
|--|------|----------------------------|--------------------------|--------------------|--------------------|
| <b>INCOMING RESOURCES</b>                                      |      |                            |                          |                    |                    |
| <b>Incoming resources from generated funds:</b>                |      |                            |                          |                    |                    |
| <b>Voluntary income</b>  |      |                            |                          |                    |                    |
| Grants and subscriptions                                       | 3    | 609,770                    | -                        | 609,770            | 608,035            |
| <b>Activities for generating funds :</b>                       |      |                            |                          |                    |                    |
| Commercial trading operations                                  | 6    | 507,652                    | -                        | 507,652            | 545,419            |
| Investment income  | 4    | 15,604                     | -                        | 15,604             | 8,739              |
|  |      | <u>1,133,026</u>           | <u>-</u>                 | <u>1,133,026</u>   | <u>1,162,193</u>   |
| <b>Incoming resources from charitable activities:</b>          |      |                            |                          |                    |                    |
| Advancement of education for the benefit of the general public | 5    | 76,692                     | 444,971                  | 521,663            | 465,197            |
|  |      | <u>1,209,718</u>           | <u>444,971</u>           | <u>1,654,689</u>   | <u>1,627,390</u>   |
| <b>RESOURCES EXPENDED</b>                                      |      |                            |                          |                    |                    |
| <b>Cost of generating funds</b>                                |      |                            |                          |                    |                    |
| Commercial trading operations                                  | 6    | 503,747                    | -                        | 503,747            | 517,989            |
| <b>Charitable activities</b>                                   |      |                            |                          |                    |                    |
| Charitable expenditure   | 7    | 556,127                    | 465,310                  | 1,021,437          | 975,203            |
| Governance costs   | 7    | 47,679                     | -                        | 47,679             | 54,018             |
|  |      | <u>1,107,553</u>           | <u>465,310</u>           | <u>1,572,863</u>   | <u>1,547,210</u>   |
| <b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TAXATION</b>     |      |                            |                          |                    |                    |
|  |      | <u>102,165</u>             | <u>(20,339)</u>          | <u>81,826</u>      | <u>80,180</u>      |
| Taxation   |      | 666                        | -                        | 666                | 779                |
|  |      | <u>101,499</u>             | <u>(20,339)</u>          | <u>81,160</u>      | <u>79,401</u>      |
| <b>NET INCOMING / (OUTGOING) RESOURCES AFTER TAXATION</b>      |      |                            |                          |                    |                    |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**(including Statement of Total Recognised Gains and Losses)**  
**FOR THE YEAR ENDED 31 JULY 2014**

|   | <b>Note</b> | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total<br/>2014<br/>£</b> | <b>Total<br/>2013<br/>£</b> |
|---|-------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| brought forward                                   |             | 101,499                             | (20,339)                          | 81,160                      | 79,401                      |
| Transfer to restricted funds                      |             | (20,339)                            | 20,339                            | -                           | -                           |
| Actuarial gain / (loss) on defined benefit scheme | 19          | 373,000                             | -                                 | 373,000                     | 117,000                     |
| Net movement in funds in year                     |             | <u>454,160</u>                      | <u>-</u>                          | <u>454,160</u>              | <u>196,401</u>              |
| <b>RECONCILIATION OF FUNDS</b>                    |             |                                     |                                   |                             |                             |
| Total funds brought forward                       | 16          | <u>977,143</u>                      | <u>-</u>                          | <u>977,143</u>              | <u>780,742</u>              |
| <b>TOTAL FUNDS CARRIED FORWARD</b>                | 16          | <u>1,431,303</u>                    | <u>-</u>                          | <u>1,431,303</u>            | <u>977,143</u>              |

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

The company has not presented its own statement of financial activities as permitted by section 408 of the Companies Act 2006. The surplus of the parent for the year before taxation is £78,878 ( 2013: £79,380).

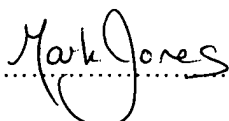
The notes on pages 24 to 47 form part of these accounts.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**COMPANY NO. 2832103**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 31 JULY 2014**

|   | Note | 2014<br>£        | £                | 2013<br>£        | £                |
|---|------|------------------|------------------|------------------|------------------|
| <b>FIXED ASSETS</b>                                   |      |                  |                  |                  |                  |
| Tangible assets                                       | 11   |                  | 782,441          |                  | 813,090          |
| <b>CURRENT ASSETS</b>                                 |      |                  |                  |                  |                  |
| Debtors   | 14   | 337,170          |                  | 322,462          |                  |
| Cash at bank and in hand                              |      | <u>688,222</u>   |                  | <u>638,228</u>   |                  |
|   |      | 1,025,392        |                  | 960,690          |                  |
| <b>CREDITORS: amounts falling due within one year</b> | 15   | <u>(397,529)</u> |                  | <u>(387,637)</u> |                  |
| <b>NET CURRENT ASSETS</b>                             |      |                  | 627,862          |                  | 573,053          |
| <b>Total assets less current liabilities</b>          |      |                  | <u>1,410,303</u> |                  | <u>1,386,143</u> |
| <b>Defined benefit pension scheme liability</b>       |      |                  | 21,000           |                  | (409,000)        |
| <b>TOTAL ASSETS</b>                                   |      |                  | <u>1,431,303</u> |                  | <u>977,143</u>   |
| <b>FUNDS</b>  |      |                  |                  |                  |                  |
| Unrestricted funds                                    | 16   |                  |                  |                  |                  |
| General Fund  |      |                  | 642,109          |                  | 592,048          |
| Capital Asset Reserve                                 |      |                  | 768,194          |                  | 794,095          |
| Pension Reserve                                       |      |                  | 21,000           |                  | (409,000)        |
| Restricted funds                                      | 16   |                  | <u>-</u>         |                  | <u>-</u>         |
|   |      |                  | <u>1,431,303</u> |                  | <u>977,143</u>   |

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 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Financial Statements were approved by the Board of Trustees on 28<sup>th</sup> April 2015 and signed on



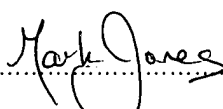
M Jones - Director

**COLLEGES WALES / COLEAGAU CYMRU LIMITED**  
(Limited by Guarantee)  
COMPANY NO. 2832103  
**COMPANY BALANCE SHEET**  
**FOR THE YEAR ENDED 31 JULY 2014**

|   |      | 2014             |                  | 2013             |                  |
|---|------|------------------|------------------|------------------|------------------|
|   | Note | £                | £                | £                | £                |
| <b>FIXED ASSETS</b>                                       |      |                  |                  |                  |                  |
| Tangible assets   | 12   |                  | 768,194          |                  | 794,095          |
| Investments   | 13   |                  | <u>100</u>       |                  | <u>100</u>       |
|   |      |                  | 768,294          |                  | 794,195          |
| <b>CURRENT ASSETS</b>                                     |      |                  |                  |                  |                  |
| Debtors   | 14   | 204,722          |                  | 220,318          |                  |
| Cash at bank and in hand                                  |      | <u>673,363</u>   |                  | <u>584,506</u>   |                  |
|   |      | 878,085          |                  | 804,824          |                  |
| <b>CREDITORS: amounts falling due within one year</b>     |      |                  |                  |                  |                  |
| Creditors   | 15   | <u>(252,347)</u> |                  | <u>(229,117)</u> |                  |
| <b>NET CURRENT ASSETS</b>                                 |      |                  | 625,738          |                  | 575,707          |
| <b>Total assets less current liabilities</b>              |      |                  | <u>1,394,032</u> |                  | <u>1,369,902</u> |
| <b>Defined benefit pension scheme asset / (liability)</b> | 19   |                  | 21,000           |                  | (409,000)        |
| <b>TOTAL ASSETS</b>                                       |      |                  | <u>1,415,032</u> |                  | <u>960,902</u>   |
| <b>Represented by:</b>                                    |      |                  |                  |                  |                  |
| <b>FUNDS</b>  |      |                  |                  |                  |                  |
| Unrestricted funds  | 16   |                  |                  |                  |                  |
| General Fund  |      |                  | 625,838          |                  | 575,807          |
| Capital Asset Reserve                                     |      |                  | 768,194          |                  | 794,095          |
| Pension Reserve   |      |                  | 21,000           |                  | (409,000)        |
| Restricted funds  | 16   |                  | <u>-</u>         |                  | <u>-</u>         |
|   |      |                  | <u>1,415,032</u> |                  | <u>960,902</u>   |

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 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The Financial Statements were approved by the Board of Trustees on 28<sup>th</sup> April 2015 and signed on their behalf by:

  
.....  
M Jones - Director

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2014**

|  | Note | 2014          | 2013           |
|--|------|---------------|----------------|
|  |      | £             | £              |
| Net cash inflow from operating activities                          | 1    | 50,713        | 14,836         |
| Returns on investment and servicing of finance                     |      |               |                |
| Interest received  |      | 1,753         | 712            |
| Taxation   |      | (779)         | (226)          |
| Capital expenditure  |      | (1,693)       | (4,809)        |
|  |      | <b>(719)</b>  | <b>(4,323)</b> |
| Cash inflow before management of liquid<br>resources and financing |      | 49,994        | 10,513         |
| Increase in cash in the year                                       |      | <b>49,994</b> | <b>10,513</b>  |



**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2014**

**1 Reconciliation of net consolidated incoming resources for the year to net cash inflow from operating activities**

|   | <b>2014</b>   | <b>2013</b>   |
|---|---------------|---------------|
|   | <b>£</b>      | <b>£</b>      |
| Net incoming resources for the year                           | 81,826        | 80,180        |
| Depreciation charge   | 32,342        | 36,757        |
| (Increase) in debtors   | (14,708)      | (89,328)      |
| Increase in creditors   | 10,006        | 25,939        |
| Investment income   | (1,753)       | (712)         |
| Current service cost less contributions to the pension scheme | (24,000)      | (22,000)      |
| Other finance income from the pension scheme                  | (33,000)      | (16,000)      |
| Net cash inflow from operating activities                     | <b>50,713</b> | <b>14,836</b> |

**2 Analysis of changes in net fund**

|                          | <b>At 31 July</b> | <b>Cash</b>  | <b>At 31 July</b> |
|--------------------------|-------------------|--------------|-------------------|
|                          | <b>2013</b>       | <b>Flows</b> | <b>2014</b>       |
|                          | <b>£</b>          | <b>£</b>     | <b>£</b>          |
| Cash at bank and in hand | 638,228           | 49,994       | 688,222           |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

## **1 PRINCIPAL ACCOUNTING POLICIES**

### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, the Statement of Recommended Practice "Accounting and Reporting by Charities 2005" (SORP) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

### **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 |

### **Incoming Resources**

Turnover represents the invoiced value of services supplied, annual college subscriptions and income from various government and other grants.

Income from voluntary income included subscription income receivable from member colleges and is recognised when the charity is entitled to the income.

Grant income is recognised when it is reasonably certain to be received and only deferred when the donor has imposed restrictions on the expenditure or resources which amount to pre-conditions on use.

Income from generated fund relates to commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

Lease income is charged to the Statement of Financial Activities in the period to which they relate on a straight line basis.

### **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 holdign company. Any surplus remaining is subject to corporation tax.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
(Limited by Guarantee)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

**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 Company 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.

**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.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

**Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its wholly owned subsidiary, Fforwm Services Limited for the financial year ended 31 July 2014 on a line by line basis. 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 and paragraph 397 of the SORP.

**Operating leases**

The group has entered into a number of lease and leaseback arrangements with educational institutions.

Lease income is charged to the Statement of Financial Activities in the period to which they relate on a straight line basis.

Lease expense in respect of operating leases are charged to the Statement of Financial Activities in the period to which they relate on a straight line basis.

**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.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

**2 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 and paragraph 397 of the SORP. The parents company's gross income and surplus for the year are as follows:-

|              | <b>2014</b>      | <b>2013</b>      |
|--------------|------------------|------------------|
| Gross Income | <u>1,147,992</u> | <u>1,108,601</u> |
| Surplus      | <u>78,878</u>    | <u>79,380</u>    |

**3 Voluntary Income**

|                      | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total<br/>2014<br/>£</b> | <b>Total<br/>2013<br/>£</b> |
|----------------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Annual subscriptions | 609,670                             | -                                 | 609,670                     | 603,625                     |
| Welsh fora           | -                                   | -                                 | -                           | 1,940                       |
| <b>Misc.</b>         |                                     |                                   |                             |                             |
| Recharges to Tenants | -                                   | -                                 | -                           | 2,470                       |
| Room hire            | 100                                 | -                                 | 100                         | -                           |
|                      | <u>609,770</u>                      | <u>-</u>                          | <u>609,770</u>              | <u>608,035</u>              |
|                      | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total<br/>2014<br/>£</b> | <b>Total<br/>2013<br/>£</b> |

**4 Investment Income**

|                                |               |          |               |              |
|--------------------------------|---------------|----------|---------------|--------------|
| Colleges Wales / Colegau Cymru | 1,710         | -        | 1,710         | 668          |
| Fforwm Services Limited        | 43            | -        | 43            | 44           |
| Rental Income                  | 13,851        | -        | 13,851        | 8,027        |
|                                | <u>15,604</u> | <u>-</u> | <u>15,604</u> | <u>8,739</u> |

**5 Incoming Resources from Charitable Activities:**

|                             | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total<br/>2014<br/>£</b> | <b>Total<br/>2013<br/>£</b> |
|-----------------------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Incoming Resources from:    |                                     |                                   |                             |                             |
| Training Activities         | 57,050                              | -                                 | 57,050                      | 82,266                      |
| Representational Activities | 19,642                              | -                                 | 19,642                      | 28,184                      |
| Research/Project Activities | -                                   | 444,971                           | 444,971                     | 354,747                     |
| <b>Total</b>                | <u>76,692</u>                       | <u>444,971</u>                    | <u>521,663</u>              | <u>465,197</u>              |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

**6 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, the work of the Welsh Further Education Purchasing Consortium (WFEPC) and development courses and property and equipment leasing. The net assets of the subsidiary are £16,372 (2013: £16,340).

The trading results are shown below :

|  | <b>2014</b>      | <b>2013</b>      |
|--|------------------|------------------|
|  | <b>£</b>         | <b>£</b>         |
| Turnover                               | 507,652          | 545,419          |
| Cost of sales                          | (464,312)        | (476,893)        |
| Gross profit                           | <u>43,340</u>    | <u>68,526</u>    |
| Administrative expenses                | (39,435)         | (41,096)         |
| Operating profit                       | <u>3,905</u>     | <u>27,430</u>    |
| Interest receivable and similar income | 43               | 44               |
| Deed of covenant                       | (3,250)          | (26,675)         |
| Profit on ordinary activities          | <u>698</u>       | <u>799</u>       |
| Tax on profit on ordinary activities   | (666)            | (779)            |
| Profit for the financial year          | <u><u>32</u></u> | <u><u>20</u></u> |

COLLEGES WALES / COLEGAU CYMRU LIMITED  
(Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2014

7 Resources expended - charitable activities

|   | Basis of Allocation | Representation & Support | Training      | Research & Dev, inc Projects | Governance    | Total 2014 £     | Total 2013 £     |
|---|---------------------|--------------------------|---------------|------------------------------|---------------|------------------|------------------|
| <b>Costs Directly Allocated to Activities</b> |                     |                          |               |                              |               |                  |                  |
| Educational Advancement                       | Direct              | 136,834                  | 64,134        | 413,201                      | -             | 614,169          | 559,223          |
| Staff costs                                   | Direct              | 220,635                  | 23,071        | 58,782                       | 36,868        | 339,356          | 361,041          |
| Travel  | Direct              | 3,442                    | -             | -                            | 3,266         | 6,708            | 5,167            |
| <b>Support costs Allocated to Activities</b>  |                     |                          |               |                              |               |                  |                  |
| Accommodation                                 | Staff time          | 8,101                    | 673           | 1,715                        | 1,076         | 11,565           | 12,425           |
| Administration & Bank Charges                 | Staff time          | 20,000                   | 1,485         | 3,785                        | 2,374         | 27,644           | 31,176           |
| Fees and charges                              | Staff time          | 27,077                   | 924           | 2,352                        | 1,476         | 31,829           | 16,905           |
| Directors Liability Insurance                 | Staff time          | -                        | -             | -                            | 101           | 101              | 922              |
| Publicity and other costs                     | Staff time          | 9,281                    | 1,395         | -                            | -             | 10,676           | 12,412           |
| Depreciation                                  | Staff time          | 18,960                   | 1,576         | 4,014                        | 2,518         | 27,068           | 29,950           |
| Total Resources Expended                      |                     | <u>444,330</u>           | <u>93,258</u> | <u>483,849</u>               | <u>47,679</u> | <u>1,069,116</u> | <u>1,029,221</u> |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

**8 Directors and employees**

No director received any remuneration for their services to the group in 2014 or 2013.

1 directors received a total of £146 in travelling and subsistence expenses in 2014 (2013 - 3 received £263).

One employee received emoluments in excess of £90,000 in 2014 (2013 - 1).

The average number of directors during the year was 10 (2013: 10) The average number of persons employed by the Group during the year was 12 (2013: 13)

**Staff costs for the above consisted of :**

|                       | <b>2014</b>           | <b>2013</b>           |
|-----------------------|-----------------------|-----------------------|
|                       | <b>£</b>              | <b>£</b>              |
| Wages and salaries    | 283,453               | 297,219               |
| Pension costs         | 84,306                | 99,791                |
| Social security costs | 51,057                | 42,768                |
|                       | <u><b>418,816</b></u> | <u><b>439,778</b></u> |

**Emoluments of higher paid employees**

|                      | <b>2014</b> | <b>2013</b> |
|----------------------|-------------|-------------|
| £60,000 to £70,000   | 1           | 1           |
| £90,000 to £100,000  | -           | 1           |
| £100,000 to £110,000 | 1           | -           |

The Pensions Contributions relating to the highest paid employee amount to £22,406 (2013: £31,046)

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

|                                       | <b>2014</b>      | <b>2013</b>      |
|---------------------------------------|------------------|------------------|
| Representation & Support              | 7                | 7                |
| Training                              | 1                | 2                |
| Research & Development, inc. Projects | 1                | 1                |
| Governance                            | 1                | 1                |
| WFEPc                                 | 2                | 2                |
|                                       | <u><b>12</b></u> | <u><b>13</b></u> |



## 9 Net incoming / (outgoing) resources

## 10 Analysis of FRS 17 Costs charged to the Statement of Financial Activities

|   | 2014          | 2013          |
|---|---------------|---------------|
|   | £             | £             |
| Expected return on assets                                     | 130,000       | 94,000        |
| Interest on pension scheme liabilities                        | (97,000)      | (78,000)      |
| <b>Interest credited to Statement of Financial Activities</b> | <b>33,000</b> | <b>16,000</b> |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

**11 Tangible fixed assets - Group**

| <b>Group</b>           | <b>Freehold<br/>Property<br/>£</b> | <b>Office<br/>equipment<br/>£</b> | <b>Fixtures &amp;<br/>Fittings<br/>£</b> | <b>Computer<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|------------------------|------------------------------------|-----------------------------------|--|-------------------------------------|--------------------|
| <b>Cost</b>            |                                    |                                   |  |                                     |                    |
| At 1 August 2013       | 843,650                            | 50,163                            | 83,355                                   | 24,469                              | 1,001,637          |
| Additions at cost      | -                                  | 1,563                             | 130                                      | -                                   | 1,693              |
| Disposals at cost      | -                                  | (3,806)                           | -  | (3,013)                             | (6,819)            |
| <b>At 31 July 2014</b> | <b>843,650</b>                     | <b>47,920</b>                     | <b>83,485</b>                            | <b>21,456</b>                       | <b>996,511</b>     |
| <b>Depreciation</b>    |                                    |                                   |  |                                     |                    |
| At 1 August 2013       | 84,365                             | 42,405                            | 41,291                                   | 20,486                              | 188,547            |
| Charge for the year    | 16,873                             | 4,033                             | 8,340                                    | 3,096                               | 32,342             |
| Disposals              | -                                  | (3,806)                           | -  | (3,013)                             | (6,819)            |
| <b>At 31 July 2014</b> | <b>101,238</b>                     | <b>42,632</b>                     | <b>49,631</b>                            | <b>20,569</b>                       | <b>214,070</b>     |
| <b>Net book value</b>  |                                    |                                   |  |                                     |                    |
| <b>At 31 July 2014</b> | <b>742,412</b>                     | <b>5,288</b>                      | <b>33,854</b>                            | <b>887</b>                          | <b>782,441</b>     |
| At 31 July 2013        | 759,285                            | 7,758                             | 42,064                                   | 3,983                               | 813,090            |

**12 Tangible fixed assets - Company**

| <b>Company</b>         | <b>Freehold<br/>Property<br/>£</b> | <b>Office<br/>equipment<br/>£</b> | <b>Fixtures &amp;<br/>Fittings<br/>£</b> | <b>Computer<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|------------------------|------------------------------------|-----------------------------------|--|-------------------------------------|--------------------|
| <b>Cost</b>            |                                    |                                   |  |                                     |                    |
| At 1 August 2013       | 843,650                            | 30,539                            | 52,335                                   | 15,574                              | 942,098            |
| Additions at cost      | -                                  | 1,069                             | 90                                       | -                                   | 1,159              |
| Disposals at cost      | -                                  | (2,056)                           | -  | (1,214)                             | (3,270)            |
| <b>At 31 July 2014</b> | <b>843,650</b>                     | <b>29,552</b>                     | <b>52,425</b>                            | <b>14,360</b>                       | <b>939,987</b>     |
| <b>Depreciation</b>    |                                    |                                   |  |                                     |                    |
| At 1 August 2013       | 84,365                             | 25,135                            | 25,868                                   | 12,635                              | 148,003            |
| Charge for the year    | 16,873                             | 2,811                             | 5,234                                    | 2,142                               | 27,060             |
| Disposals              | -                                  | (2,056)                           | -  | (1,214)                             | (3,270)            |
| <b>At 31 July 2014</b> | <b>101,238</b>                     | <b>25,890</b>                     | <b>31,102</b>                            | <b>13,563</b>                       | <b>171,793</b>     |
| <b>Net book value</b>  |                                    |                                   |  |                                     |                    |
| <b>At 31 July 2014</b> | <b>742,412</b>                     | <b>3,662</b>                      | <b>21,323</b>                            | <b>797</b>                          | <b>768,194</b>     |
| At 31 July 2013        | 759,285                            | 5,404                             | 26,467                                   | 2,939                               | 794,095            |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

**13 Fixed asset investments**

|                          | Company<br>2014<br>£ | Company<br>2013<br>£ |
|--------------------------|----------------------|----------------------|
| 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 6.

| <b>14 Debtors</b>                       | Group<br>2014<br>£ | Company<br>2014<br>£ | Group<br>2013<br>£ | Company<br>2013<br>£ |
|---|--------------------|----------------------|--------------------|----------------------|
| Amounts falling due within one year     |                    |                      |                    |                      |
| Trade debtors                           | 194,688            | 127,905              | 226,469            | 106,149              |
| Accrued income                          | 71,312             | 38,460               | 38,589             | 24,833               |
| Amounts due from subsidiary undertaking | -                  | 28,930               | -                  | 81,392               |
| Other taxation and social security      | 17,462             | -                    | 2,362              | -                    |
| Prepayments                             | 53,707             | 7,176                | 55,042             | 7,944                |
|   | <u>337,170</u>     | <u>202,472</u>       | <u>322,462</u>     | <u>220,318</u>       |

**15 Creditors : amounts falling due within one year**

|                                    | Group<br>2014<br>£ | Company<br>2014<br>£ | Group<br>2013<br>£ | Company<br>2013<br>£ |
|------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Trade creditors                    | 47,279             | 29,530               | 64,357             | 61,168               |
| Accruals                           | 113,825            | 95,624               | 82,564             | 74,038               |
| Deferred income                    | 217,465            | 110,118              | 220,146            | 75,540               |
| Corporation tax                    | 666                | -                    | 779                | -                    |
| Other taxation and social security | 18,295             | 17,075               | 19,791             | 18,372               |
|                                    | <u>397,529</u>     | <u>252,347</u>       | <u>387,637</u>     | <u>229,117</u>       |

Deferred income is analysed as follows and relates to income which has been received in the year for activities which occur in 2014/15.

|   | 2014<br>£      | 2013<br>£      |
|---|----------------|----------------|
| iTunes U                                    | -              | 6,157          |
| ESDGC in FE project activity 2011/12        | 24,085         | 24,085         |
| WFEPC                                       | 28,618         | 52,537         |
| Lease finance agreements for future periods | 64,594         | 64,594         |
| QIF Contract Income                         | -              | 2,905          |
| CPD Training Event                          | -              | 486            |
| Learndirect rental income                   | 1,319          | -              |
| Welsh learning technologies                 | 4,000          | -              |
| VETS Project                                | 14,950         | 20,000         |
| Sports Grant                                | 46,013         | -              |
| Chongqing                                   | 23,596         | 12,671         |
| Leonardo 13-15                              | 16,574         | 36,712         |
| Rainova project                             | 3,665          | -              |
|   | <u>227,414</u> | <u>220,146</u> |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

**16 Funds - Group**

|                             | At 01.08.13<br>£ | Incoming<br>resources | Resources<br>expended | Transfer<br>between<br>fund | Actuarial<br>Gain/(Loss)<br>on<br>pension | At 31.07.14<br>£ |
|-----------------------------|------------------|-----------------------|-----------------------|-----------------------------|---|------------------|
| <b>Unrestricted funds</b>   |                  |                       |                       |                             |   |                  |
| General Fund                | 592,048          | 1,209,718             | (1,084,429)           | (448,228)                   | 373,000                                   | 642,109          |
| Capital Asset Reserve       | 794,095          | -                     | (23,790)              | (2,111)                     | -   | 768,194          |
| Pension Reserve             | (409,000)        | -                     | -                     | 430,000                     | -   | 21,000           |
|                             | <u>977,143</u>   | <u>1,209,718</u>      | <u>(1,108,219)</u>    | <u>(20,339)</u>             | <u>373,000</u>                            | <u>1,431,303</u> |
| <b>Restricted funds</b>     |                  |                       |                       |                             |   |                  |
| Research/Project Activities | -                | 444,971               | (465,310)             | 20,339                      | -   | -                |
| <b>TOTAL FUNDS</b>          | <u>977,143</u>   | <u>1,654,689</u>      | <u>(1,573,529)</u>    | <u>-</u>                    | <u>373,000</u>                            | <u>1,431,303</u> |

**Funds - Company**

|                             | At 01.08.13<br>£ | Incoming<br>resources | Resources<br>expended | Transfer<br>between<br>fund | Actuarial<br>Gain/(Loss)<br>on<br>pension | At 31.07.14<br>£ |
|-----------------------------|------------------|-----------------------|-----------------------|-----------------------------|---|------------------|
| <b>Unrestricted funds</b>   |                  |                       |                       |                             |   |                  |
| General Fund                | 575,807          | 705,273               | (580,014)             | (448,228)                   | 373,000                                   | 625,838          |
| Capital Asset Reserve       | 794,095          | -                     | (23,790)              | (2,111)                     | -   | 768,194          |
| Pension Reserve             | (409,000)        | -                     | -                     | 430,000                     | -   | 21,000           |
|                             | <u>960,902</u>   | <u>705,273</u>        | <u>(603,804)</u>      | <u>(20,339)</u>             | <u>373,000</u>                            | <u>1,415,032</u> |
| <b>Restricted funds</b>     |                  |                       |                       |                             |   |                  |
| Research/Project Activities | -                | 444,971               | (465,310)             | 20,339                      | -   | -                |
| <b>TOTAL FUNDS</b>          | <u>960,902</u>   | <u>1,150,244</u>      | <u>(1,069,114)</u>    | <u>-</u>                    | <u>373,000</u>                            | <u>1,415,032</u> |

The restricted fund received during the year were as follows:

|                | Opening<br>balance<br>£ | Income<br>£    | Expenditure<br>£ | Transfer from<br>unrestricted<br>funds<br>£ | Closing<br>balance<br>£ |
|----------------|-------------------------|----------------|------------------|---|-------------------------|
| iTunes U       | -                       | 40,363         | 40,363           | -   | -                       |
| Barclays       | -                       | 10,000         | 10,000           | -   | -                       |
| Rainova        | -                       | 7,684          | 7,684            | -   | -                       |
| Lloyds         | -                       | 177,038        | 177,038          | -   | -                       |
| ECVET          | -                       | 8,220          | 8,220            | -   | -                       |
| EQAVET         | -                       | 25,363         | 25,363           | -   | -                       |
| Chongqing      | -                       | 34,853         | 34,853           | -   | -                       |
| Leonardo 12-14 | -                       | 75,077         | 79,361           | 4,284                                       | -                       |
| Leonardo 13-15 | -                       | 20,138         | 20,138           | -   | -                       |
| Sports Wales   | -                       | 41,423         | 41,423           | -   | -                       |
| Bilingual      | -                       | 2,318          | 2,318            | -   | -                       |
| NOS            | -                       | -              | 16,055           | 16,055                                      | -                       |
| Erasmus +      | -                       | 2,494          | 2,494            | -   | -                       |
|                | <u>-</u>                | <u>444,971</u> | <u>465,310</u>   | <u>20,339</u>                               | <u>-</u>                |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

iTunes U - The project will provide a learner focused platform through which learners can engage directly with learning content, on a range of devices, at any time, all the time. Access will not be constrained and will provide the whole education sector with a single infrastructure through which it can engage both learners and non-learners alike. It will also provide a platform on which valuable resources can be rehomed on a long term basis for the benefit of Wales.

Barclays Bank have provided funding for Colleges to stage a Prepare for Work event between 2nd February and 1st May each year with resources and activities planned by Barclays Bank.

Colleges Wales is one of 14 European partners in the Rainova project exploring regional approaches to innovation in the vocational education and training sector. The 3 year project is led by the Basque Country and will run from January 2012 to December 2014.

Lloyds TSB Bank have provided funding to continue to deliver the project. 2013/14 funding is to deliver Teach me / Teach Others and Money Mentors training in Financial Capability for staff and community learners, a Money for Life Challenge and legacy grants of £1,000 that all national finalists can apply for.

Colleges Wales is the national contact point for ECVET. This project is exploring how to add value to mobility periods overseas through official recognition of the learning acquired overseas. The project started in March 2014 and will finish at the end of December 2015.

WG VET - Colleges Wales acts for the Welsh Government as the National Contact Point (NCP) in Wales for the EQF, ECVET and EQAVET. The project will run from April 2013 to March 2016.

Chongqing - Eleven colleges in Wales formed the Wales China FE Consortium in August 2011 to work collaboratively with the vocational education and training sector in Chongqing, China. The eleven colleges committed to the consortium for a period of 2 years. In August 2013 all of the FE colleges in Wales became members of the consortium (apart from Merthyr Tydfil College).

Leonardo 12-14 - This is the second centralised application that has been submitted by Colleges Wales on behalf of 12 colleges in Wales. The funding allowed 63 apprentices/full time vocational learners to undertake a two to three week work placement in Europe. The project ended on 31 May 2014 and the final report was submitted and approved by the National Agency at the end of July 2014.

Leonardo 13/15 This is the third centralised application for funding that has been submitted by Colleges Wales on behalf of 7 colleges in Wales. The funding will allow 47 vocational learners to undertake a two to three week work placement in Europe. The project is due to end on 31 May 2015.

Sports Wales - 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.

Bilingual - This provides funding to support the development of Welsh-medium and bilingual education in FE Colleges. There are four areas covered, care resources, extra curricular activities for students, the creation of a leaflet/pamphlet demonstrating welsh/bilingual opportunities for students and a language awareness resource to be used as an essential part of induction for staff and CPD in FE colleges in Wales.

Erasmus + This is the European Union's programme for education, training youth and sport. A staff mobility application was successful in 2014 with 18 staff going to Finland in May 2015

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

**Analysis of Net assets between funds**

|                      | <b>Fixed<br/>assets<br/>£</b> | <b>Net current<br/>assets<br/>£</b> | <b>Defined pension<br/>scheme asset<br/>£</b> | <b>Total<br/>funds<br/>£</b> |
|----------------------|-------------------------------|-------------------------------------|---|------------------------------|
| Unrestricted funds   | 782,441                       | 627,862                             | -   | 1,410,303                    |
| Designated funds     | -                             | -                                   | -   | -                            |
| Pension fund reserve | -                             | -                                   | 21,000  | 21,000                       |
|                      | <u>782,441</u>                | <u>627,862</u>                      | <u>21,000</u>                                 | <u>1,431,303</u>             |

**17 Capital commitments and contingencies**

There were no capital commitments as at 31 July 2014 (2013: nil)

**18 Financial commitments**

At 31 July 2013 the company had annual commitments under operating leases as follows :

|                                   | <b>Land and<br/>buildings<br/>£<br/>2014</b> | <b>Other<br/>£<br/>2014</b> | <b>Land and<br/>buildings<br/>£<br/>2013</b> | <b>Other<br/>£<br/>2013</b> |
|-----------------------------------|--|-----------------------------|--|-----------------------------|
| Expiring within one year          | -  | -                           | -  | -                           |
| Expiring after more than one year | 239,250                                      | 322                         | 279,076                                      | 322                         |
| In more than five years           | <u>-</u>                                     | <u>-</u>                    | <u>-</u>                                     | <u>-</u>                    |

The group has entered into a number of lease and leaseback arrangements with education institutions. The annual rental commitments of the group under the head leases of those lease and leaseback arrangements are shown above. Under each head lease, the group is able to cancel the lease at any time subject to three months notice.

**COLLEGES WALES / COLEGAU CYMRU**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2014**

**17 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 2014**

The Employer's regular contributions to the fund for the year ending 31 July 2015 are estimated to be £0.078M. In addition, Strain on Fund Contributions may be required.

**Assumptions**

The latest actuarial valuation of Colleges Wales liabilities took place as at 31 March 2010. 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:

|  | 31-Jul-14<br>(% pa) | 31-Jul-13<br>(% pa) | 31-Jul-12<br>(% pa) |
|--|---------------------|---------------------|---------------------|
| Discount rate                            | 4.0                 | 4.3                 | 3.9                 |
| Inflation rate - RPI                     | 3.1                 | 3.5                 | 2.9                 |
| Inflation rate - CPI                     | 2.1                 | 2.6                 | 1.9                 |
| Rate of increase to pensions in payment* | 2.1                 | 2.6                 | 1.9                 |
| Rate of revaluation of pension accounts  | 2.1                 | n/a                 | n/a                 |
| Rate of increase to deferred pensions    | 2.1                 | 2.6                 | 1.9                 |
| Rate of general increase in salaries     | 3.1                 | 4.5                 | 3.9                 |

\* In excess of Guaranteed Minimum Pension increases in payment where appropriate.

\*\* In addition, we have allowed for the same age related promotional salary scales as used at the actuarial valuation of the Fund as at 31 March 2010.

employers, the assumed life expectations on retirement at the age of 65 are:

The mortality assumptions are based on the recent actual mortality experience of members within the Fund

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

**Assumed life expectancy at age 65**

**Males**

|   | <b>31 July 14</b> | <b>31 July 13</b> |
|---|-------------------|-------------------|
| Future lifetime from age 65 (current aged 65) | 23.7              | 24.0              |
| Future lifetime from age 65 (current aged 45) | 25.7              | 25.7              |

**Females**

|   | <b>31 July 14</b> | <b>31 July 13</b> |
|---|-------------------|-------------------|
| Future lifetime from age 65 (current aged 65) | 26.6              | 26.8              |
| Future lifetime from age 65 (current aged 45) | 28.9              | 28.8              |

**Expected return on assets**

The approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the table below. Also shown are the assumed rates of return adopted by the Employer for the purposes of FRS 17.

|                  | Long-term<br>rate of return<br>expected at<br><b>31-Jul-13</b><br><b>(% pa)*</b> | Asset split<br>as at<br><b>31-Jul-13</b><br><b>(% pa)</b> | Long-term<br>rate of return<br>expected at<br><b>31-Jul-12</b><br><b>(% pa)*</b> | Asset split<br>as at<br><b>31-Jul-12</b><br><b>(% pa)</b> | Long-term<br>rate of return<br>expected at<br><b>31-Jul-11</b><br><b>(% pa)*</b> | Asset split<br>as at<br><b>31-Jul-11</b><br><b>(% pa)</b> |
|------------------|--|---|--|---|--|---|
| Equities         | 7.8  | 72.4  | 7.5  | 72.4  | 7.9  | 75.3  |
| Property         | 7.3  | 6.5   | 7.0  | 6.5   | 7.4  | 4.0   |
| Government bonds | 3.3  | 8.2   | 2.5  | 8.2   | 3.9  | 4.9   |
| Corporate bonds  | 4.0  | 9.2   | 3.2  | 9.2   | 4.7  | 11.0  |
| Cash             | 0.9  | 1.5   | 1.4  | 1.5   | 1.5  | 1.1   |
| Other**          | 7.8  | 2.2   | 7.5  | 2.2   | 7.9  | 3.7   |
| <b>Total</b>     | <b>7.1</b>   | <b>100.0</b>  | <b>6.6</b>   | <b>100.0</b>  | <b>7.3</b>   | <b>100.0</b>  |

\* The overall expected rate of return on Fund assets is a weighted average of the individual expected rates of return on each asset class, and is shown in the bottom row of the above table.

\*\* Other holdings include hedge funds, currency holdings, asset allocation futures and other. We have assumed this year that these will get a return in line with equities.

ColegauCymru/ CollegesWales employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within the note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 July 2013.



**COLLEGES WALES / COLEGAU CYMRU LIMITED**

(Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2014**

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

**Reconciliation of funded status to balance sheet**

|   | Value at<br>31 July 2014<br>(£M) | Value at<br>31 July 2013<br>(£M) | Value at<br>31 July 2012<br>(£M) |
|---|----------------------------------|----------------------------------|----------------------------------|
| Fair value of fund assets   | 2.035                            | 1.792                            | 1.409                            |
| Present value of liabilities  | (2.014)                          | (2.201)                          | (1.973)                          |
| Net pension asset/(liability) before<br>consideration of paragraph 41 | 0.021                            | (0.409)                          | (0.564)                          |
| Unrecognised asset due to limit in<br>paragraph 41                    | 0.000                            | 0.000                            | 0.000                            |
| Pension asset/(liability) recognised on the<br>Balance Sheet          | 0.021                            | (0.409)                          | (0.564)                          |

**Analysis of Profit and Loss Charge**

|  | Year ending<br>31 July 2014<br>(£M) | Year ending<br>31 July 2013<br>(£M) |
|--|-------------------------------------|-------------------------------------|
| Current service costs                        | 0.074                               | 0.075                               |
| Past service costs                           | 0.000                               | 0.004                               |
| Interest costs                               | 0.097                               | 0.078                               |
| Expected return on assets                    | (0.130)                             | (0.094)                             |
| Curtailment cost                             | 0.000                               | 0.000                               |
| Settlement cost                              | 0.000                               | 0.000                               |
| <b>Expense recognised in Profit and Loss</b> | <b>0.041</b>                        | <b>0.063</b>                        |

**Changes to the present value of liabilities during the year**

|  | Year ending<br>31 July 2014<br>(£M) | Year ending<br>31 July 2013<br>(£M) |
|--|-------------------------------------|-------------------------------------|
| Opening present value of liabilities                           | 2.201                               | 1.973                               |
| Current service cost   | 0.074                               | 0.075                               |
| Interest cost  | 0.097                               | 0.078                               |
| Contributions by participants                                  | 0.026                               | 0.022                               |
| Actuarial (gains)/losses on liabilities *                      | (0.376)                             | 0.089                               |
| Net benefits paid out #  | (0.008)                             | (0.040)                             |
| Past service cost  | 0.000                               | 0.004                               |
| Net increase in liabilities from disposals<br>and acquisitions | 0.000                               | 0.000                               |
| Curtailments   | 0.000                               | 0.000                               |
| Settlements  | 0.000                               | 0.000                               |
| <b>Closing present value of liabilities</b>                    | <b>2.014</b>                        | <b>2.201</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

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

**Changes to the present value of assets during the year**

|   | Year ending<br>31 July 2014<br>(£M) | Year ending<br>31 July 2013<br>(£M) |
|---|-------------------------------------|-------------------------------------|
| Opening fair value of assets                              | 1.792                               | 1.409                               |
| Expected return on assets                                 | 0.130                               | 0.094                               |
| Actuarial losses on assets                                | (0.003)                             | 0.21                                |
| Contribution by the employer                              | 0.098                               | 0.101                               |
| Contribution by participants                              | 0.026                               | 0.022                               |
| Net benefits paid out #                                   | (0.008)                             | (0.040)                             |
| Net increase in assets from disposals<br>and acquisitions | 0.000                               | 0.000                               |
| Settlements   | 0.000                               | 0.000                               |
| <b>Closing fair value of assets</b>                       | <b>2.035</b>                        | <b>1.792</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> | Year ending<br>31 July 2014<br>(£M) | Year ending<br>31 July 2013<br>(£M) |
|--------------------------------|-------------------------------------|-------------------------------------|
| Expected return on assets      | 0.130                               | 0.094                               |
| Actuarial gain on assets       | (0.003)                             | 0.2                                 |
| <b>Actual return on assets</b> | <b>0.127</b>                        | <b>0.300</b>                        |

**Analysis of amount recognised in STRGL**

|   | Year ending<br>31 July 2014<br>(£M) | Year ending<br>31 July 2013<br>(£M) |
|---|-------------------------------------|-------------------------------------|
| Total actuarial (losses)  | 0.373                               | 0.117                               |
| Change in irrecoverable surplus, effect of<br>limit in paragraph 41 | 0.000                               | 0.000                               |
| <b>Total (loss) in STRGL</b>  | <b>0.373</b>                        | <b>0.117</b>                        |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

**History of asset values, present value of liabilities and surplus/deficit\***

|                              | <b>Year ending<br/>31 July 2014<br/>(£M)</b> | <b>Year ending<br/>31 July 2013<br/>(£M)</b> |
|------------------------------|--|--|
| Fair value of assets         | 2.035  | 1.792  |
| Present value of liabilities | <u>(2.014)</u>                               | <u>(2.201)</u>                               |
| <b>Gain / (Deficit)</b>      | <b>0.021</b>                                 | <b>(0.409)</b>                               |

\* This history can be built up over time and need not be constructed retrospectively (and once complete will show the current period and previous four periods)

**History of experience gains and losses \***

|  | <b>Year ending<br/>31 July 2014<br/>(£M)</b> | <b>Year ending<br/>31 July 2013<br/>(£M)</b> |
|--|--|--|
| Experience gains on assets                       | (0.003)                                      | 0.206  |
| Percentage of assets                             | 11.5%  | 11.5%  |
| Experience gains on liabilities#                 | 0.183  | 0.000  |
| Percentage of the present value of the liability | 9.1%   | 0.0%   |

\* The history can be built up over time and need not be constructed retrospectively (and once complete will show the current and previous four periods)

# This item consists of gains/(losses) in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES FOR THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

## 20 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 Colleges Wales / Colegau Cymru Limited during the year and their relationship with the respective Colleges were :

| <b>Director</b>                            | <b>College</b>              | <b>Relationship</b>       |
|--|-----------------------------|---------------------------|
| Derek Lloyd (resigned 12 May 2014)         | Pembrokeshire College       | Chair                     |
| David Jones                                | Coleg Cambria               | Principal/Chief Executive |
| Mark Jones                                 | Gower College Swansea       | Principal/Chief Executive |
| Judith Evans                               | Coleg y Cymoedd             | Principal                 |
| Jim Bennett                                | Coleg Gwent                 | Principal                 |
| Simon Pirotte                              | Bridgend College            | Chief Executive           |
| Glyn Jones OBE                             | Grŵp Llandrillo Menai       | Principal                 |
| Mark Dacey (appointed 12 May 2014)         | NPTC Group                  | Chief Executive           |
| Maggie Dawson MBE (appointed 12 May 2014)  | WEA Cymru                   | Chief Executive           |
| Mark Isherwood (appointed 12 May 2014)     | YMCA Community College      | Principal                 |
| Mike James (appointed 12 May 2014)         | Cardiff & Vale College      | Principal                 |
| Barry Liles (appointed 12 May 2014)        | Coleg Sir Gâr               | Principal/Chief Executive |
| Mark Leighfield (appointed 12 May 2014)    | St David's Catholic College | Principal                 |
| Sharon Lusher (appointed 12 May 2014)      | Pembrokeshire College       | Principal                 |
| John O'Shea (appointed 12 May 2014)        | The College Merthyr Tydfil  | Principal                 |
| Jacqui Weatherburn (appointed 12 May 2014) | Coleg Ceredigion            | Principal                 |
| Jon Parry (resigned 10 January 2014)       | Coleg Harlech WEA (N)       | Chair                     |

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>       |
|---|--------------------------|---------------------------|
| Derek Lloyd (resigned 12 May 2014)          | Pembrokeshire College    | Chair                     |
| Judith Evans (appointed 23 September 2014)  | Coleg y Cymoedd          | Principal                 |
| Mike James                                  | Cardiff and Vale College | Principal                 |
| Mark Jones                                  | Gower College Swansea    | Principal/Chief Executive |
| Barry Liles (appointed 23 September 2014)   | Coleg Sir Gâr            | Principal/Chief Executive |
| Glyn Jones OBE (resigned 23 September 2014) | Grŵp Llandrillo Menai    | Principal                 |

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.

**COLLEGES WALES / COLEGAU CYMRU LIMITED**

(Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 JULY 2014**

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

**Colleges Wales / Colegau Cymru Limited**

**Income invoiced to Colleges  
during the year**

|                             | <b>Subs-<br/>criptions</b> | <b>Chong-<br/>qing</b> | <b>Sport</b>  | <b>Staff<br/>Devmnt</b> | <b>ALIS</b>   | <b>Other</b> | <b>Total</b>   |
|-----------------------------|----------------------------|------------------------|---------------|-------------------------|---------------|--------------|----------------|
|                             | £                          | £                      | £             | £                       | £             | £            | £              |
| Bridgend College            | 35,505                     | 5,000                  | 1,632         | 1,144                   | -             | 212          | 43,493         |
| Cardiff and Vale College    | 59,800                     | 5,000                  | 2,863         | 192                     | -             | -            | 67,855         |
| Coleg Ceredigion            | 7,270                      | -                      | 384           | -                       | -             | 119          | 7,773          |
| Coleg Gwent                 | 73,460                     | 5,000                  | 4,200         | 1,083                   | -             | 145          | 83,888         |
| Coleg Harlech               | 1,898                      | 135                    | 88            | -                       | -             | -            | 2,121          |
| Coleg y Cymoedd             | 63,850                     | 5,000                  | 2,898         | 2,888                   | 1,741         | 127          | 76,504         |
| Coleg Sir Gâr               | 35,505                     | 2,477                  | 1,612         | -                       | 53            | 510          | 40,157         |
| Coleg Cambria               | 77,860                     | 5,000                  | 3,844         | 361                     | -             | 117          | 87,182         |
| Gower College Swansea       | 56,540                     | 5,000                  | 2,645         | -                       | 2,367         | 242          | 66,794         |
| Grŵp Llandrillo Menai       | 83,820                     | 5,000                  | 4,308         | 1,083                   | 5,787         | 277          | 100,275        |
| Merthyr Tydfil College Ltd  | 12,975                     | -                      | 736           | -                       | -             | 98           | 13,809         |
| NPTC Group                  | 59,800                     | 5,000                  | 2,730         | 5,432                   | 1,940         | 425          | 75,327         |
| Pembrokeshire College       | 23,435                     | 1,725                  | 1,122         | -                       | -             | 272          | 26,554         |
| St David's 6th Form College | 8,780                      | 839                    | 546           | -                       | 2,403         | 60           | 12,628         |
| WEA Cymru                   | 6,602                      | 469                    | 304           | -                       | -             | 77           | 7,452          |
| YMCA                        | 2,570                      | 133                    | 87            | -                       | -             | 77           | 2,867          |
| <b>Total</b>                | <b>609,670</b>             | <b>45,778</b>          | <b>29,999</b> | <b>12,183</b>           | <b>14,291</b> | <b>2,758</b> | <b>714,679</b> |

**Payments to Colleges  
during the year**

|                          | <b>Catering/<br/>Accom.</b> | <b>Chong-<br/>qing</b> | <b>Training</b> | <b>Other</b> | <b>Projects</b> | <b>Bilingual</b> | <b>Total</b>  |
|--------------------------|-----------------------------|------------------------|-----------------|--------------|-----------------|------------------|---------------|
|                          | £                           | £                      | £               | £            | £               | £                | £             |
| Bridgend College         | -                           | -                      | -               | -            | 3,081           | -                | 3,081         |
| Cardiff and Vale College | -                           | -                      | -               | -            | 900             | -                | 900           |
| Coleg Gwent              | -                           | -                      | 173.00          | -            | 22,834          | -                | 23,007        |
| Coleg y Cymoedd          | 371                         | -                      | -               | -            | 13,405          | -                | 13,776        |
| Coleg Cambria            | 221                         | -                      | -               | -            | 7,526           | -                | 7,747         |
| Gower College Swansea    | -                           | -                      | -               | -            | 17,867          | -                | 17,867        |
| Grŵp Llandrillo Menai    | 275                         | -                      | -               | -            | -               | -                | 275           |
| NPTC Group               | 2,718                       | -                      | -               | -            | 11,869          | -                | 14,587        |
| Pembrokeshire College    | -                           | -                      | -               | -            | 500             | -                | 500           |
|                          | <b>3,585</b>                | <b>-</b>               | <b>173</b>      | <b>-</b>     | <b>77,982</b>   | <b>-</b>         | <b>81,740</b> |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

**The following amounts were receivable from Colleges at 31 July 2014:**

|                             | £             |
|-----------------------------|---------------|
| Bridgend College            | 102           |
| Cardiff and Vale College    | 76            |
| Coleg Ceredigion            | 77            |
| Coleg Gwent                 | 775           |
| Coleg Harlech               | 2,120         |
| Coleg Sir Gâr               | 510           |
| Coleg Cambria               | 75            |
| Gower College Swansea       | 2,567         |
| Grwp Llandrillio Menai      | 500           |
| Merthyr Tydfil College      | 77            |
| NPTC Group                  | 5,432         |
| Pembrokeshire College       | 77            |
| St David's 6th Form College | 60            |
| WEA Cymru                   | 77            |
| YMCA                        | 77            |
|                             | <hr/>         |
| <b>Total</b>                | <b>12,602</b> |
|                             | <hr/>         |

**The following amounts were payable to Colleges at 31 July 2014:**

|              | £            |
|--------------|--------------|
| Coleg Gwent  | 3,426        |
|              | <hr/>        |
| <b>Total</b> | <b>3,426</b> |
|              | <hr/>        |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**

(Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 JULY 2014**

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

**Fforwm Services Ltd**

**Income invoiced to Colleges  
during the year**

|                             | <b>Lease<br/>rental<br/>income<br/>£</b> | <b>Staff<br/>development<br/>course<br/>£</b> | <b>Annual<br/>Confer-<br/>ence<br/>£</b> | <b>WFEP<br/>Subs<br/>£</b> | <b>Other<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------------|--|---|--|----------------------------|--------------------|--------------------|
| Bridgend College            | -  | 3,667   | 1,210                                    | 3,679                      | -                  | 8,556              |
| Cardiff and Vale College    | -  | 2,753   | 780                                      | 8,210                      | -                  | 11,743             |
| Coleg Ceredigion            | -  | 1,718   | 960                                      | 1,102                      | -                  | 3,780              |
| Coleg Gwent                 | -  | 3,440   | 450                                      | 10,044                     | -                  | 13,934             |
| Coleg Harlech               | -  | 121   | -  | 563                        | -                  | 684                |
| Coleg y Cymoedd             | -  | 6,029   | 2,770                                    | 7,309                      | -                  | 16,108             |
| Coleg Sir Gâr               | -  | 4,076   | 1,390                                    | 2,622                      | -                  | 8,088              |
| Coleg Cambria               | -  | 4,466   | 1,615                                    | 11,021                     | 140                | 17,242             |
| Gower College Swansea       | -  | 3,147   | 1,320                                    | 7,585                      | -                  | 12,052             |
| Grŵp Llandrillo Menai       | 76,000                                   | 3,618   | 2,354                                    | 12,352                     | 70                 | 94,394             |
| Merthyr Tydfil College Ltd  | -  | 1,364   | 120                                      | 2,110                      | -                  | 3,594              |
| Neath Port Talbot College   | -  | 5,771   | 1,675                                    | 7,827                      | -                  | 15,273             |
| Pembrokeshire College       | -  | 2,625   | 1,090                                    | 2,219                      | -                  | 5,934              |
| St David's 6th Form College | -  | 771   | 120                                      | 1,566                      | -                  | 2,457              |
| WEA South                   | -  | 632   | 120                                      | 563                        | -                  | 1,315              |
| YMCA                        | -  | 376   | -  | 249                        | -                  | 625                |
| <b>Total</b>                | <b>76,000</b>                            | <b>44,574</b>                                 | <b>15,974</b>                            | <b>79,021</b>              | <b>210</b>         | <b>215,779</b>     |

**Payments to Colleges  
during the year**

|                           | <b>Lease<br/>rental<br/>expenditure<br/>£</b> | <b>Catering<br/>Accom and<br/>Room Hire<br/>£</b> | <b>Other<br/>£</b> | <b>WFEP<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------|---|---|--------------------|-------------------|--------------------|
| Bridgend College          | -   | 22  | -                  | -                 | 22                 |
| Coleg Cambria             | -   | 285   | -                  | -                 | 285                |
| Coleg y Cymoedd           | -   | 1,946   | -                  | -                 | 1,946              |
| Grŵp Llandrillo Menai     | 75,000  | 282   | -                  | -                 | 75,282             |
| Neath Port Talbot College | -   | 3,421   | -                  | -                 | 3,421              |
| <b>Total</b>              | <b>75,000</b>                                 | <b>5,956</b>                                      | <b>-</b>           | <b>-</b>          | <b>80,956</b>      |

**COLLEGES WALES / COLEGAU CYMRU LIMITED**  
**(Limited by Guarantee)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2014**

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

**The following amounts were receivable from Colleges at 31 July 2014 :**

|                            | £             |
|----------------------------|---------------|
| Bridgend College           | 96            |
| Cardiff and Vale College   | 12,757        |
| Coleg Ceredigion           | 1,152         |
| Coleg Gwent                | 5,120         |
| Coleg y Cymoedd            | 2,136         |
| Coleg Sir Gâr              | 2,836         |
| Coleg Cambria              | 648           |
| Gower College Swansea      | 2,232         |
| Grŵp Llandrillo Menai      | 3,064         |
| Merthyr Tydfil College Ltd | 1,182         |
| NPTC Group                 | 6,875         |
| Pembrokeshire College      | 1,476         |
|                            | <hr/>         |
| <b>Total</b>               | <b>39,574</b> |
|                            | <hr/>         |

**The following amounts were payable to Colleges at 31 July 2014 :**

|               | £          |
|---------------|------------|
| Coleg Cambria | 342        |
|               | <hr/>      |
| <b>Total</b>  | <b>342</b> |
|               | <hr/>      |

**Mergers to Colleges post year end**

FE colleges have continued to respond positively to the Welsh Government's Transformation agenda, which

There are now 16 FE colleges in Wales - 10 FE colleges, 3 FE institutions and 3 colleges wholly owned by universities.