



CollegesWales / ColegauCymru Limited

Annual Report and Consolidated Financial Statements for the Year Ended 31 July 2021

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

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ANNUAL REPORT & ACCOUNTS

The Directors/Trustees present their annual report and accounts of Colleges Wales/Colegau Cymru Limited and its subsidiary, Fforwm Services Limited for the year ended 31 July 2021.

Structure

ColegauCymru is a post-compulsory education charity that represents 11 further education (FE) colleges and 2 designated FE institutions (FEIs) in Wales. The company was originally incorporated in 1993 as Fforwm Limited and on 1 June 2009 changed its name to Colleges Wales/Colegau Cymru Limited and was branded as 'ColegauCymru/CollegesWales'. Fforwm Services Limited was established in 1995 and is a wholly owned trading subsidiary of Colleges Wales/Colegau Cymru Limited.

Charitable Objectives

The ColegauCymru charitable objectives and principal activities remained throughout 2020-21 to promote the advancement of education for the benefit of the general public in Wales. ColegauCymru exists through its work to:

- provide a forum for discussion on matters of common interest conducted by all the FE corporations and other institutions receiving post-16 funding from the Welsh Government; and
- make representations on behalf of its members to persons concerned with education and its funding in Wales.

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

Strategic Priorities

During the financial year, ColegauCymru focused on delivering the following five strategic priorities:

1. Promote and support high quality provision for learners.
2. Proactively engage with employers and stakeholders to identify and address skills gaps in the Welsh economy.
3. Influence and shape government policy.
4. Ensuring a high profile for education, training and skills in Wales.
5. To be a sustainable and dynamic sector-leading organisation.

Achievements and Performance

ColegauCymru remains focused on building relationships with key stakeholders and ensuring it is a key influencer on issues affecting the sector. Key achievements are as follows:

- Continued to work with the Welsh Government to secure an increase in college core funding for 2020/21 and beyond.
- Despite the impact of the on-going Covid-19 situation the charity has continued to work to meet the charitable objectives.
- Worked with colleges and the Welsh Government to secure funding to help address the ongoing problems and impact of Covid-19 in FE and WBL (Work Based Learning).
- Represented the views of Members through numerous policy position statements and press releases.
- Produced a policy platform ahead of the Senedd elections in May 2021 - "Further Success: Policy Recommendations for the next Welsh Government" which was supported by a series of detailed briefings and short animated clips to highlight and disseminate the content.

Achievements and Performance (CONT'D)

- Engaged with political parties ahead of the May 2021 Senedd elections, including a fringe event at the Plaid Cymru online conference, meetings with Liberal Democrat candidates as part of their online conference, engagement with Welsh Labour online events as well as a meeting to discuss the Enabling Renewal report with Special Advisors, and discussions with the Welsh Conservative Shadow Minister for Education.
- Submitted 19 consultation responses on policy matters affecting the decisions of post-16 learners in Wales to Welsh Government, Senedd Committees, and other bodies such as EWC (Education Workforce Council) and Qualifications Wales. Topics covered included post compulsory education reform, Covid-19, the new Curriculum for Wales, race equality and social partnerships.
- Held strategic dialogue meetings with Welsh Government Senedd Members and Ministers.
- Built on and developed positive working relationships with new Welsh Government and new and existing Senedd Members, following May 2021 election.
- Continued to work closely with key stakeholders from education and further afield; these include Welsh Government, Sport Wales, British Council, EWC, Estyn, Qualifications Wales, HEFCW, Learning & Work Institute Wales, NTfW (National Training Federation Wales), Coleg Cymraeg Cenedlaethol, Y Ganolfan Dysgu Cymraeg, AoC and others and with colleges to ensure that the FE sector was well placed in terms of future developments.
- Launched the *Enabling Renewal: Further Education and Building Better Citizenship, Occupations and Business Communities in Wales* report, researched and written by a team of authors including professors from Universities of Sydney, Manchester and Cardiff and other leading academics.
- Undertook research with FE learners to better understand the impact of the pandemic on Active Wellbeing and Sport.
- We continued to work closely with Welsh Government and joint trade union colleagues to ensure pay parity for the sector.

Development Projects

ColegauCymru has been successful in securing several externally funded projects aimed at enhancing the educational opportunities of learners in Wales. A summary of the range of projects undertaken by the charity, during the period, are outlined below.

International and European partnerships and learning opportunities

CollegesWales International supports the FE colleges in Wales to integrate international activities into the daily lives of learners and staff to enrich and enhance their teaching and learning experiences.

CollegesWales International coordinates and submits pan Wales consortium applications for funding on behalf of the FE colleges in Wales. Erasmus+ and Turing Scheme funding support opportunities for college leaders, tutors and support staff as well as FE learners and apprentices.

Turing Scheme 2021 (learner)

Funding was approved in July 2021 to enable 528 FE learners to undertake 2 – 3 week study/volunteering/work experiences worldwide. The project will end on 31 August 2022.

Erasmus+ 2020 (learner)

Funding was approved in July 2020 to enable 876 vocational learners and apprentices to undertake 2-week work placements in Europe. The project will be completed on 30 December 2023 following the approval of a 12-month extension by the UK National Agency due to Covid-19.

Erasmus+ 2020 (staff)

Funding was approved in July 2020 to enable 30 staff from FE colleges and other appropriate organisations in Wales to undertake 4-day study visits to Ireland, Norway and Austria. The project will be completed on 30 December 2023 following the approval of a 12-month extension by the UK National Agency due to Covid-19.

Erasmus+ 2019 (learner)

Funding was approved in July 2019 to enable 624 vocational learners and apprentices to undertake 2-week work placements in Europe. The project will be completed on 31 August 2022 (a 12-month extension was granted due to Covid-19) and the final report will be submitted by 31 October 2022.

Development Projects (CONT'D)

Erasmus+ 2019 (staff)

Funding was approved in July 2019 to enable 18 staff from FE colleges and other appropriate organisations in Wales to undertake a 4-day study visit to Stuttgart, Germany. The project will be completed on 31 August 2022 (a 12-month extension was granted due to Covid-19) and the final report will be submitted by 31 October 2022.

Erasmus+ KA2 – CollegesWales International is a partner in a Key Action 2 project led by CIPFP La Costera in Valencia, Spain. The project will run from December 2019 to October 2022 following an extension due to Covid-19. There are 9 partners in the project that focuses on the development of a partner search web platform called Erasmobility.

National Coordination Point for EU initiatives/CQFW Alignment

Welsh Government funding was received from April 2020 – March 2021 and from April 2021 to March 2022 to ensure continued alignment of the Credit and Qualifications Framework for Wales (CQFW) to the European Qualifications Framework (EQF) and to other UK National Frameworks.

EQF Workplan

Funding was approved in July 2018 to enable Wales and Scotland to re-reference their qualifications frameworks to the European Qualifications Framework (EQF). The total value of the project was €167,061. The project was scheduled to run from 1 March 2018 for 34 months ending 31 December 2020. Due to Covid-19, the project was extended to 31 March 2021 and the final report approved by the European Commission in August 2021.

Teaching and Learning Network

The ColegauCymru Teaching and Learning Network produced a series of 18 podcasts to support teaching and learning in the FE sector, covering the five main themes of Resilience, Digital, Differentiation, A level Pedagogy and Bilingualism.

Active Wellbeing

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

During 2020/21 further development of Active Wellbeing at a strategic and delivery continued. The project adapted during the pandemic with new virtual and online provision to support learner wellbeing.

2020/21 Achievements

- 6000+ FE learners participating in project funded activity - unique attendees.
- Support for colleges moving to online delivery during lockdown and return to sport protocol.
- Strategic guidance leading to colleges employing new staff including students to support project delivery and expanding delivery to new campuses.
- Engagement work with Welsh Government Sport Policy and Post 16 teams including ministerial visits to colleges (Virtual).
- Research projects funded by Sport Wales completed – including the impact of the pandemic on sports learners and developing a better understanding of the connection between activity and wellbeing.
- Funding from WG to further develop Active Wellbeing research as a national strand of the mental health project.
- An increase focus on those groups potentially more affected by the pandemic.
- Strategic level support for colleges on return to sport and physical activity after the pandemic.

Representing the FE sector as part of Sport Wales CSAP programme moving to the regionalisation of community sport in Wales.

Welsh and Bilingual Projects

Cymraeg Gwaith

The aim of the Cymraeg Gwaith scheme is to strengthen Welsh language skills in the workplace. The scheme is funded by the Welsh Government and developed by the National Center for Learning Welsh. The Further Education and Higher Education Welsh Language Scheme is co-ordinated by the Coleg Cymraeg Cenedlaethol in partnership with ColegauCymru.

The aim of this scheme is to give staff in universities and colleges of further education the opportunity to develop their language skills to enable them to increase their use of Welsh in the workplace. The scheme is open (and free) to staff of universities and colleges of further education in Wales of all abilities, whether they are new or advanced learners.

During 2020/21 eleven colleges were part of the project with a target of 210 individuals undertaking 120 hours of Welsh during the year. During 20/21 262 staff completed 120 hours, exceeding the target. There has been a focus on priority areas, and during 20/21 50% of those on the project were from these key priority areas. In addition, 81% of the staff on the project were academic staff, as we work to develop the language skills of our FE teaching staff.

Additional Learning Needs

ColegauCymru is running a Welsh Government funded project to support and challenge colleges as they prepare for the implementation of the Additional Learning Needs and Education Tribunal (Wales) Act. As part of this, an ALN (Additional Learning Needs) Transformation Lead has been employed. On behalf of Welsh Government, ColegauCymru is also coordinating a series of projects on provision and practice in the Independent Living Skills (ILS) curriculum area. We are working with representatives from colleges and wider stakeholders to develop guidance on running supported internships as well as promoting effective quality systems within ILS provision.

As part of the support to colleges as they prepare for the implementation of ALNET, ColegauCymru has:

- Worked with transformation leads, LAs, FEIs, health boards and the third sector within the four regions to promote collaboration.
- Delivered several on-line events to support the development of stakeholder policies.
- Worked with partners to deliver training programmes that enhance the skills of ALN staff.
- Worked with the sector and others to improve a national FE/ALN information website.
- Worked with a Welsh university to develop a bespoke Masters Certificate in Autism (this has resulted in 70 staff from the 13 colleges achieving this specialist qualification).
- Produced and shared five key documents to support college ALN development.
- Developed a Hwb project sharing site to ensure all colleges can benefit from the development work going on across the Principality.
- Delivered ALN updates to governing boards and senior management teams across Wales.

Flexible Adult Learning

Welsh Government funded three pilot projects that focused on the delivery of flexible adult learning. Coleg Sir Gâr/Coleg Ceredigion, Bridgend College and Coleg Cambria ran the pilot projects. Arad Research undertook an external evaluation of the three projects and produced a final report in March 2021.

Future Plans and Activities

ColegauCymru will continue to monitor and influence, as far as possible, the Welsh Government's Commission for Tertiary Education and Research Bill and the Social Partnerships Bill, along with other emerging legislation or proposals.

Since the UK has left the European Union, Wales must continue to maintain and develop international links by playing an active role in the continuous development of a common framework for improving transparency across European VET (Vocational Educational Training) systems. ColegauCymru has played an active role in advising the Welsh Government on developments in these initiatives to ensure that Wales does not become isolated now we are no longer part of the EU.

The UK continues to benefit from all EU programmes, including Erasmus+, until the end of the current budget plan (2014-2020). This means that the staff and learner mobility projects will continue until the end of 2023, with Turing Scheme mobilities due to begin. We will continue to work with Welsh Government 'Taith' Scheme, which replaces the Erasmus+ programme, to continue to promote the benefit of overseas learning opportunities for young people.

ColegauCymru will continue to work closely with Sport Wales, key stakeholders and colleges to ensure that the FE sector is well placed in terms of future developments around active wellbeing. This includes facilitating projects funded by Welsh Government to support FE settings to promote physical, mental, emotional wellbeing through increased access to creative, sporting and cultural activities.

A key objective for ColegauCymru for 2021/22 will be to continue to support the sector to navigate the ongoing impact of Covid-19, whilst keeping a focus on planning for the medium term. The charity will work closely with Members over the coming year to continue to enhance our relationships with Ministers and other key stakeholders. ColegauCymru will ensure that Members are kept abreast of key issues and remain focused on delivering Members' priorities for the benefit of learners and the wider communities in Wales.

The ColegauCymru Policy and Communications Team will continue to advocate for position change for learners and staff in the FE sector with consultation responses, briefings, correspondence to and meetings with Ministers, Cross Party Groups and working with a range of other policy organisations.

GOVERNANCE REPORT

The Governance Report provides information on the membership of its Board, Committees and recent changes to its constitution and governing document.

Board of Directors



CHAIR – GUY LACEY
CEO/PRINCIPAL, COLEG GWENT
JOINED: JULY 2018

Guy was appointed CEO/Principal of Coleg Gwent in August 2015. Guy graduated from Oxford Brookes University and has post graduate qualifications in Secondary Education from Bath University. Guy has spent over 25 years in a number of UK schools and colleges and has gained knowledge of a wide range of approaches to the delivery of skills and training to meet the needs of young people and adults. In addition, Guy worked as a GCSE examiner for the University of Cambridge examinations syndicate and worked as a peer Inspector with Estyn for over ten years.

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Tel: 01495 33501



DEPUTY CHAIR – SIMON PIROTTE
CEO/PRINCIPAL, BRIDGEND COLLEGE
JOINED: 4 JANUARY 2020

Simon is Principal and Chief Executive of Bridgend College, rated as 'excellent' by Estyn (March 2016). Estyn commented that "*the Principal provides inspiring leadership that has had a significant impact on the transformation of the College*". Simon is the winner of the 2018 Institute of Directors (UK) Director of the Year for the Public Sector. Bridgend College has achieved several prestigious awards including WhatUni UK FE College of the Year for Higher Education (2018); a UK AoC Beacon Award for Leadership and Governance (2018) and Apprenticeship Provider of the Year for Wales, Scotland and Northern Ireland (2018). Bridgend College is the highest ranked FE College in the UK in the Times 100 Best Companies to work for in both 2017 and 2020. In 2019, Bridgend College was named Times Educational Supplement College of the Year.

He has worked in the education sector for over thirty years. This includes work in the Higher Education, Further Education and School sectors. He has also worked as a Head of Department in Los Angeles, USA on a year long Fulbright Scholarship.

Simon sits on the Advisory Board for Academi Wales and is a Board member of National Theatre Wales.

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DIRECTOR/TRUSTEE – JEFF GREENIDGE
CHAIR, LEARNING AND WORK INSTITUTE
JOINED: 1 AUGUST 2019

Jeff's career in education and training began as a teacher in the South Wales Valleys, then as a civil servant developing the National Curriculum for Modern Languages. He spent three years training PGCE students at Swansea University followed by a spell in developing European vocational and mobility initiatives at the WJEC. Jeff joined Ufi in 1999 to help set up the first UK national network of learning on line centres (learndirect). After managing the UK online learning delivery, Jeff left learndirect in 2015 to set up coaching and entrepreneurship programmes for Individuals and businesses. He maintains a keen interest in supporting adults in learning and is on the Board of a number of UK Education and Training think Tanks.

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Tel: 07740064663



DIRECTOR TRUSTEE – LOUISE CASELLA
JOINED: 1 AUGUST 2019

Louise joined the OU in January 2018 as Director of The Open University in Wales where she leads the strategic management, development and growth of the OU in Wales and is a member of the Vice Chancellor's Executive.

Prior to joining the OU Louise worked as an independent management consultant and interim manager, and assignments included periods at Stirling University, and at Wrexham Glyndwr University where she was Pro Vice-Chancellor for 18 months, supporting the university's recovery to a position of financial stability and academic vitality. Louise's substantive career was built at Cardiff University, where she held posts as Head of Planning, Senior Executive and Head of the Vice Chancellor's Office, chairing the professional services group and becoming Director of Strategic Development between 2004 and 2012.

Louise has held a variety of national NED, trustee and advisory roles including being a member of the CBI Wales Council for 10 years, a member of the Audit & Risk Committee for Sport Wales, and a trustee of the Millennium Stadium Charitable Trust. She also served on the Ministerial Review of Higher Education in Wales (2008-09) and has been an NED of the Office of the Independent Adjudicator for Higher Education, a member of the Higher Education Bursary and Scholarship Scheme UK board, a Trustee of Wrexham Glyndwr Students Union.

In September 2020, Louise was appointed by the Education Minister in Wales to Chair the Independent Review of Qualifications in Wales to consider arrangements for summer 2021.

Email Address: louise.casella@open.ac.uk

Tel: 07808 581145



DIRECTOR/TRUSTEE – DR PAUL SMART
JOINED: 4 JANUARY 2021

Vice Chair of Governing Body Coleg y Cymoedd
(Chair of Resources Committee)

Having graduated with a BSc and PhD in Engineering, Paul commenced his career in Operational Research in both the gas and steel industries. He subsequently joined the UK manufacturing plant of an International Cosmetics company where he worked as both a Production Manager and Head of Human Resources. He subsequently took a role in the company's headquarters as UK Human Resources Director for Operations, Supply Chain, Finance and IT.

After 37 years with the company, Paul has now retired but still works part-time as the company's Pension Liaison Manager and as a Pension Fund Trustee.

Paul has been a Governor of several FE colleges over a period of more than 20 years.

Email: pmsmart@aol.com



DIRECTOR/TRUSTEE – DR RHIANNON EVANS
JOINED: 24 NOVEMBER 2021

Dr Rhiannon Evans is a Senior Lecturer at Cardiff University. She is a member of the executive management team at the DECIPHer research centre, which focuses on the health and wellbeing of children and young people. She has extensive methodological expertise in intervention evaluation research, particularly in educational settings. Her substantive research interests focus on the promotion of mental health and wellbeing, in addition to the prevention of self-harm and suicide. She had led and supported national evaluations of education-based mental health services, including MHFA training for secondary-school staff and counselling provision. She has a particular focus on educational and health inequalities, notably outcomes for care-experienced children and young people.

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DIRECTOR/TRUSTEE – Suzy Davies
JOINED: 24 NOVEMBER 2021

Following a career in arts marketing, Suzy Davies worked as a solicitor in Mid Wales before being elected to the Senedd in 2011. She has served on several Senedd committees including those covering education, skills, Welsh language and Brexit. She was Shadow Education Minister during the passage of the Curriculum Bill and was directly involved in scrutiny of education legislation and policy during her ten years in Cardiff Bay.

Suzy has volunteered and been a board member for several small Welsh charities and been a school governor. A founder member of the Welsh International Film Festival, she is currently a board member of the international Iris Prize LGBT+ Film Festival and Chair of the Wales Tourism Alliance. A campaigner for more women in public life, she continues to mentor for Women's Equality Network Wales and Ethnic Youth Support Team.

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

Committees of the Board of Management

Audit Committee Jeff Greenidge (Chair) appointed August 2019, Lynda Astell, Kath Coughlin and Kathryn Robson

Search Committee Jeff Greenidge and Paul Croke (resigned)

The directors of the subsidiary company were appointed by and from ColegauCymru's Board. On 30 November 2020 it was agreed to implement a common board for both companies and this was put into effect on 4 January 2021. The directors of the subsidiary during the period were as follows:

Guy Lacey (Chair)
 Simon Pirotte
 Louise Casella
 Jeff Greenidge
 Paul Smart
 Rhiannon Evans
 Suzy Davies
 Dafydd Evans (former Chair - resigned)
 Mike James (resigned)
 Paul Croke (resigned)

All directors/trustees give their time voluntarily and receive no personal benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

Roles and Key Responsibilities

The Board is collectively responsible for the charity's long-term success. The Board sets its strategic aims, monitors the performance of management against the strategic aims, ensures good governance, assesses its risk appetite and ensures that effective controls are in place in the business.

The Chair, Guy Lacey plays a key role in helping to ensure a unified Board, facilitating meetings, and ensuring good governance. Meeting agendas are agreed in consultation with the Chief Executive and Company Secretary, although any Director may request that an item be added to the agenda.

Beyond matters reserved for the Board, the Chief Executive, Iestyn Davies has primary responsibility for managing the day-to-day affairs of the charity and is supported by a senior team in implementing strategy and day to day management.

Activities

During 2020-21, the areas of focus for the Board included:

- Strategic review of ColegauCymru
- Changes to the ColegauCymru constitution
- Covid-19
- Extension of the three-year membership subscription model (2017-18 to 2019-20)
- Revised strategic priorities
- Risk management
- Operational oversight of the ColegauCymru Group

Constitution

Under the Articles of Association, the Chair and Deputy Chair of the CEO/Principals' Forum are appointed the Chair and Deputy Chair of the charity Board. In accordance with the Articles of Association, the Board comprises of a minimum of five and a maximum of seven Trustees which may include up to two Chairs of Governing Bodies, up to three independent external professionals may be appointed Trustees. If there are vacancies, the Board may Co-opt Trustees provided the total number of Trustees does not exceed seven. The Chair and Deputy Chair shall serve concurrently for two years whilst the other Trustees may serve for an initial three years, with the option to seek re-appointment for a further three-year term. Due to the outbreak of Covid-19 it was agreed to extend the term of office for the Chair and Deputy Chair to 31 December 2020.

The Chair and Deputy Chair of the Board along with an independent member is responsible for conducting the CEO's annual performance review and make recommendations to the Board, which is responsible for setting the CEO's remuneration package.

During 2020/21 operational year it was agreed that there should be a common board for both the charity and its subsidiary company, Fforwm Services Ltd., this was put into effect from 4 January 2021.

Induction and Development

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

Conflicts of Interest

All Trustees must immediately disclose conflicts, or potential conflicts, of interest. In addition, all Trustees sign an annual declaration and disclose their external appointments. Directors also let the Chairperson and Company Secretary know of any pending appointments and announce any new external appointments at the next Board meeting so that all the Board are made aware.

Board Meetings and Attendance

In 2020-21, the Board held four scheduled meetings. All directors are expected to attend meetings of the Board and of those Committees of which they are a member. When a Director is unable to participate in a meeting, the Chair will seek their views on key items ahead of the meeting so that these can be added to the discussion.

Risk Management

The Board has overall responsibility for the operation and effectiveness of the charity's system of internal controls and risk management. The system of controls is designed to manage the risk of failure to achieve business objectives, and comprises audited policies and procedures aimed at identifying and managing the most significant risks faced by the business.

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

Delegated authority is granted to the following committees that operate under agreed terms of reference:

<i>Audit Committee -</i>	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 at least twice a year, with the external auditors in attendance if requested.
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<i>Search Committee -</i>	the role of the Committee is to review the succession planning for the Board and to put in place processes to address this, reporting to the main Board.
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The Board receives reports from the Chief Executive and the Audit Committee regarding risk and control issues and how it plans to address these issues.

Governing Document

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

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

Financial Review

Total income for the group was £1,732,494, a decrease of £252,478. The level of grants received during the year was significantly affected by Covid-19 falling by £279,129.

The group made a deficit of £109,642 (2020: deficit of £145,519) after an actuarial loss on the defined benefit pension scheme. The deficit was agreed by the board as part of its planned preparations in the year for the preparation of a policy position for the May 2021 elections.

Principal Funding Sources

ColegauCymru continued to be funded through college subscriptions during the year at a level sufficient to meet the budgetary requirements agreed by the Board. ColegauCymru received £660,844 funding through membership subscriptions from colleges and FE institutions.

Going Concern Accounting Policy

The financial statements are prepared on a going concern basis. There are no material uncertainties in respect of the charity's ability to continue as a going concern for the foreseeable future, based on latest strategic plans and financial budgets.

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.

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, however due to the low rates of return on the current investment the policy is to be reviewed and updated.

Reserves Policy

ColegauCymru is aware of the need to secure its viability beyond the immediate future and is committed to providing services over the longer term. To continue long term operations, it is necessary to be able to absorb unforeseen setbacks and be able to take advantage of opportunities which arise. To fulfil this requirement, the retention of adequate reserves is necessary. The target level of reserves which ColegauCymru should retain have been identified as follows:

<i>Capital Reserve</i>	To provide funds to meet the existing and future capital spend requirements of ColegauCymru.
<i>Critical/Closure Costs</i>	<p>To retain funds to meet the closure costs which would be incurred should ColegauCymru cease operations. This would allow for a managed cessation of operations and includes</p> <ul style="list-style-type: none"> • Notice of termination and redundancy costs for staff • servicing equipment leasing arrangements • building insurance • building maintenance until such time as a sale can be agreed. A two-year period has been allowed for the sale of the property. It is proposed that the sale of the property will be used to meet the liabilities of the LGPS (Local Government Pension Scheme) pension scheme.
<i>Strategic Reserve</i>	To meet the costing requirements of any strategic items identified within the designated reserves
<i>Free Reserves</i>	To target free reserves equivalent to six months operating costs, currently circa £400,000 to enable the completion or wind up of project and other activities

The ColegauCymru reserves policy is regularly reviewed by the Board of Directors to assess the values contained within and 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 terms of prestige and financial security and conversely the risks involved if the company is unsuccessful in this area.

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 service contracts in areas relevant to the parent charity, CPD training for college staff and the wider post-16 education sector, property and equipment leasing. 2020/21 was a further year of change for the organisation with a reduction on the previous year's contract service activity in Fforwm Services Ltd. The Directors are satisfied with the overall performance of the company during the year as the reduction in contract activity was expected and the global pandemic affected the opportunities to seek out additional income. In future the company plans to continue to participate in contracted services and utilise conference events to provide additional income whilst supporting its policy objectives.

The company made a loss for the year on ordinary activities of £3,326 (2020: profit of £23,812). No distribution was made in 2021 however a distribution of £21,822 was made to Colleges Wales / ColegauCymru Ltd in 2020.

During the year the company's turnover increased to £81,470 (2020: £78,787). A decision was taken not to hold an annual conference or CPD events during the year and due to the ongoing situation with Covid-19 no events are planned in 2021/22 but additional contracts are anticipated.

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.

Related Parties

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

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 to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Subject to a diligent tendering process, Bevan Buckland LLP were appointment external auditors for a three period, the ColegauCymru Board formally approved their appointment on 24 October 2017, the option to extend the contract was actioned in 2020. A decision was taken by the Board to extend the contract for a further one-year period to cover the 2020/21 financial statements due to the continuing restrictions because of Covid-19.

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

Date 12.04.2022

Guy Lacey

REFERENCE AND ADMINISTRATIVE INFORMATION

Company Number:	2832103
Registered Charity Number:	1060182
Registered Office and operational address:	Unit 7 Cae Gwyrdd Greenmeadow Springs Tongwynlais Cardiff CF15 7AB
Auditors:	Bevan Buckland LLP Cardigan House Castle Court Swansea Enterprise Park Swansea SA7 9LA
Solicitors:	Capital Law Capital Building Tyndall Street Cardiff CF10 4AZ
Bankers:	Barclays Bank plc PO Box 69 Cardiff CF1 1SG

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 2021

Opinion

We have audited the financial statements of Colleges Wales / Collegau Cymru Limited (parent charity) and its subsidiary (the 'group') for the year ended 31 July 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, Charity Balance Sheet, the consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 2021

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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 2021

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - Management override of controls
 - obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the group. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

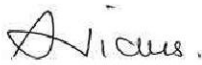
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

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 2021

Use of our report

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



Alison Vickers (Senior Statutory Auditor)
for and on behalf of Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date: .12.04.2022

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
AND CONSOLIDATED INCOME EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2021

	Note	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
INCOME AND ENDOWMENTS FROM					
Charitable activities:	2				
Annual subscriptions		660,844	-	660,844	632,161
Advancement of education for the benefit of the general public		82,795	896,868	979,663	1,258,792
Other trading activities:					
Commercial trading operations	5	81,470	-	81,470	78,787
Investments	3	10,517	-	10,517	15,232
Total income		835,626	896,868	1,732,494	1,984,972
EXPENDITURE ON					
Charitable activities					
Advancement of education for the benefit of the general public	6	848,161	909,158	1,757,319	2,051,490
Other trading activities:					
Commercial trading operations	5	84,817	-	84,817	79,001
Total expenditure		932,978	909,158	1,842,136	2,130,491
NET INCOME / (EXPENDITURE)		(97,352)	(12,290)	(109,642)	(145,519)
Transfers between funds		(12,290)	12,290	-	-
OTHER RECOGNISED GAINS / (LOSSES)					
Fair Value Adjustment					22,932
Actuarial gain / (loss) on defined benefit scheme		591,000	-	591,000	(357,000)
Net movement in funds in year		481,358		481,358	(479,587)
RECONCILIATION OF FUNDS					
Total funds brought forward	15	443,860	-	443,860	923,447
TOTAL FUNDS CARRIED FORWARD	15	925,218	-	925,218	443,860

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

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
COMPANY NO. 2832103
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 JULY 2021

		2021		2020	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	10		409,726		437,384
Investment Property	11		115,000		115,000
			524,726		552,384
CURRENT ASSETS					
Debtors	13	194,202		235,778	
Cash at bank and in hand		1,771,947		1,767,041	
		1,966,149		2,002,819	
CREDITORS: amounts falling due within one year					
	14	(1,303,657)		(1,371,343)	
NET CURRENT ASSETS					
			662,492		631,476
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,187,218		1,183,860
Defined pension scheme liability					
	20		(262,000)		(740,000)
TOTAL ASSETS					
			925,218		443,860
Represented by:					
FUNDS					
Unrestricted funds	15		925,218		443,860
Restricted funds	15		-		-
			925,218		443,860

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

The notes on pages 28 to 54 form part of these accounts.

The Financial Statements were approved by the Board of Trustees on 12.04.2022 and signed on their behalf by:



Guy Lacey - Director & Trustee

COLLEGES WALES / COLEGAU CYMRU LIMITED

Company Number: 2832103

(Limited by Guarantee)

CHARITY BALANCE SHEET

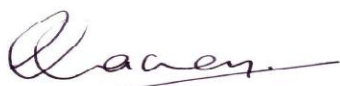
FOR THE YEAR ENDED 31 JULY 2021

	Note	2021		2020	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		406,896		432,549
Investment Property	11		115,000		115,000
Investments	12		100		100
			521,996		547,649
CURRENT ASSETS					
Debtors	13		194,763		315,919
Cash at bank and in hand			1,750,410		1,664,711
			1,945,173		1,980,630
CREDITORS: amounts falling due within one year					
	14		(1,291,978)		(1,359,774)
NET CURRENT ASSETS					
			653,195		620,856
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,175,191		1,168,505
Defined pension scheme (liability) / asset					
	20		(262,000)		(740,000)
TOTAL ASSETS					
			913,191		428,505
Represented by:					
FUNDS					
Unrestricted funds	15		925,010		428,505
Restricted funds	15				-
			925,010		428,505

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

The notes on pages 28 to 54 form part of these accounts.

The Financial Statements were approved by the Board of Trustees on 12.04.2022 and signed on their behalf by:



Guy Lacey - Director & Trustee

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

	Note	2021 £	2020 £
Net cash inflow / (outflow) from operating activities:		6,357	(21,899)
Cash flows from investing activities:			
Interest received		247	4,060
Capital expenditure		(1,698)	(24,568)
<i>Net cash used in investing activities</i>		(1,451)	(20,508)
Change in cash and cash equivalents in the reporting period		4,906	(42,407)
Cash and cash equivalents at the beginning of the reporting period		1,767,041	1,809,448
Cash and cash equivalents at the end of the reporting period		1,771,947	1,767,041

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

1 Reconciliation of net consolidated incoming resources for the year to net cash inflow from operating activities	2021 £	2020 £
Net income for the year before taxation	(109,642)	(145,519)
Depreciation charge	29,356	23,451
(Increase) / Decrease in debtors	41,576	113,938
(Decrease) / Increase in creditors	(67,686)	(55,709)
Interest received	(247)	(4,060)
Defined benefit pension scheme contributions	(146,000)	(131,000)
Defined benefit pension scheme operating cost	249,000	172,000
Net finance expenses from the pension scheme	10,000	5,000
Net cash inflow / (outflow) from operating activities	6,357	(21,899)

2 Analysis of changes in net fund	At 31 July 2020 £	Cash Flows £	At 31 July 2021 £
Cash at bank and in hand	1,767,041	4,906	1,771,947

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

1 PRINCIPAL ACCOUNTING POLICIES

Basis of Accounting and assessment of going concern

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

The financial statements are prepared on a going concern basis. There are no material uncertainties in respect of the group's ability to continue as a going concern for the foreseeable future, based on latest strategic plans and financial budgets.

Basis of consolidation

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

Incoming Resources

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

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

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

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

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

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities.

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities, and its services for its beneficiaries. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fee and costs linked to the strategic management of the charity. All costs allocated between the expenditure categories of the SOFA are on a basis designed to reflect the use of the resources. Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's activities. A note of these costs are detailed in note 6.

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

PRINCIPAL ACCOUNTING POLICIES - (Cont'd)

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

* Buildings - The building was subject to an impairment charge in 2014/15. Following this the revised value of the property was depreciated on a straight line basis over the remaining 43 years.

Investment property

Mixed use property are required to be shown between freehold property and Investment property, the proportion of Investment property has been valued based on a square foot use and then adjusted to its fair value.

Investment property are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the statement of comprehensive income.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal

Financial Instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

PRINCIPAL ACCOUNTING POLICIES - (Cont'd)

Basic Financial Liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Pension

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

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

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

Fund accounting

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

Unrestricted funds

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

Restricted funds

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

Irrecoverable VAT

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

Foreign Currencies

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

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

PRINCIPAL ACCOUNTING POLICIES - (Cont'd)

Leases

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

Legal Status of the charity

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Taxation

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

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

Employee Benefits

The group provides a range of benefits to employees, including paid holiday arrangement and defined benefit and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Accounting estimates and key judgements

Critical accounting estimates and judgements - Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Retirement benefit liabilities - as disclosed in note 20. Year end recognition of the liabilities under these schemes and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to levels of scheme membership, key financial market indicators such as inflation and expectations on future salary growth and asset returns. These assumptions are made by the Charity in conjunction with the schemes' actuaries. For each 0.1% change in the discount rate net of inflation, the carrying amount of pension obligations would change by an estimated £100,000.

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

2 Charitable Activities:	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Annual subscriptions:				
<i>General subscriptions</i>	546,818	-	546,818	521,165
<i>EU/International subscription</i>	57,518	-	57,518	54,996
<i>Sports subscription</i>	56,508	-	56,508	56,000
Advancement of education for the benefit of the general public:				
<i>Representational Activities</i>	63,347	-	63,347	27,303
<i>Research/Project Activities</i>	19,448	896,868	916,316	1,231,489
<i>Training Activities</i>	-	-	-	-
	743,639	896,868	1,640,507	1,890,953
3 Investments	Unrestricted funds	Restricted funds	Total 2021	Total 2020
Bank Interest	247	-	247	4,060
Rental Income	10,270	-	10,270	11,172
	10,517	-	10,517	15,232

4 Results of the Parent Company

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

	2021	2020
Gross Income	1,652,002	1,903,981
Deficit before actuarial gains/(losses) on pension scheme	(105,315)	(40,566)

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5 Commercial trading operations and investment in trading subsidiary

The company has a wholly owned trading subsidiary, Fforwm Services Limited incorporated in England and Wales, which it acquired on 14 July 1995. Fforwm Services Limited was established to conduct the business activities of Colleges Wales / Colegau Cymru Limited, its parent company. These activities currently comprise the provision of professional training, development courses and property and equipment leasing. The net assets of the subsidiary are £12,031 (2020: £15,357).

The trading results are shown below :	2021	2020
	£	£
Turnover	81,470	78,787
Cost of sales	(74,431)	(68,152)
Gross profit	7,039	10,635
Administrative expenses	(10,386)	(10,849)
Operating profit	(3,347)	(214)
Interest receivable and similar income	21	24,026
(Loss) / Profit on ordinary activities	(3,326)	23,812
Tax on profit on ordinary activities	-	-
(Loss) / Profit for the financial year	(3,326)	23,812
Retained earnings at beginning of year	15,357	13,367
Dividends	-	(21,822)
Retained earnings at end of year	12,031	15,357

These results are wholly included in the consolidated financial statements

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6 Resources expended

	Basis of Allocation	Representation & Support	Research & Dev, inc Projects	Management & Governance	2021	2020
					£	£
Costs Directly Allocated to Activities						
Educational Advancement	Direct	9,924	659,274	-	669,198	1,037,764
Staff costs	Direct	439,215	435,721	34,414	909,350	797,752
Travel	Direct	204	232	882	1,318	18,391
Support costs Allocated to Activities						
Accommodation	Staff time	7,109	8,147	750	16,006	21,620
Administration & Bank Charges	Staff time	20,495	20,117	1,852	42,464	49,505
Fees and charges	Staff time	32,358	37,083	10,379	79,820	64,352
Public affairs and other costs	Staff time	12,012	-	-	12,012	40,124
Depreciation	Staff time	12,059	13,820	1,272	27,151	21,982
Total Resources Expended		533,376	1,174,394	49,549	1,757,319	2,051,490

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7 Directors and employees

No trustees received any remuneration for their services to the company in 2021 or 2020.

No trustees received travel and subsistence expenses in 2021 (2020 £nil).

The average number of persons employed by the company during the year was 14 (2020: 14).

Staff costs for the above consisted of :	2021	2020
	£	£
Wages and salaries	292,520	298,115
Salaries, Social Security & Pension costs allocated to projects	298,506	263,296
Pension actuary adjustment	113,000	46,000
Pension costs	148,361	125,558
Social security costs	56,961	53,413
Recruitment costs	-	11,370
	909,348	797,752

Emoluments of higher paid employees (excluding pension contributions):	2021	2020
£100,000 to £110,000	1	1

The Pensions Contributions relating to the highest paid employee amount to £29,837 (2020: £23,666)

During the year the total employee benefits received by key management personnel amounted to £143,202 (2020: £133,486).

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

	2021	2020
Representation & Support	9	9
Research & Development, inc. Projects	4	4
Governance	1	1
	14	14

8 Net incoming / (outgoing) resources

	2021	2020
	£	£
Net incoming / (outgoing) resources are stated after charging / (crediting) the following :		
Depreciation on owned tangible fixed assets	29,356	23,451
<i>Operating lease rental:</i>		
Land and buildings	44,250	47,658
<i>Auditors' remuneration:</i>		
Audit work (group & companies)	6,750	6,650
Non-audit work	6,167	4,566
Legal and professional fees	12,334	12,841

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9 Analysis of pension costs charged to the Statement of Financial Activities

	2021 £	2020 £
Current service charge	249,000	172,000
Total operating charge to Statement of Financial Activities	249,000	172,000
	2021 £	2020 £
Interest income on scheme assets	(42,000)	(62,000)
Interest expense on defined benefit obligation	52,000	67,000
Interest charged to Statement of Financial Activities	10,000	5,000
Net cost to Statement of Financial Activities	259,000	177,000

10 Tangible fixed assets - Group

	Freehold Property £	Office equipment £	Fixtures & Fittings £	Computer equipment £	Total £
Cost					
At 1 August 2020	686,513	75,625	94,285	80,304	936,727
Additions	-	155	-	1,543	1,698
Disposals	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 July 2021	686,513	75,780	94,285	81,847	938,425
Depreciation					
At 1 August 2020	294,592	60,019	87,597	57,135	499,343
Charge for the year	10,314	8,720	1,093	9,229	29,356
Disposals	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 July 2021	304,906	68,739	88,690	66,364	528,699
Net book value					
At 31 July 2021	381,607	7,041	5,595	15,483	409,726
At 31 July 2020	391,921	15,606	6,688	23,169	437,384

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10 Tangible fixed assets - Company

	Freehold Property £	Office equipment £	Fixtures & Fittings £	Computer equipment £	Total £
Cost					
At 1 August 2020	686,513	58,891	63,051	65,011	873,466
Additions	-	134	-	1,364	1,498
Disposals	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 July 2021	686,513	59,025	63,051	66,375	874,964
Depreciation					
At 1 August 2020	294,592	45,275	56,462	44,586	440,915
Charge for the year	10,314	7,618	1,072	8,149	27,153
Disposals	-	-	-	-	-
Reclassification	-	-	-	-	-
At 31 July 2021	304,906	52,893	57,534	52,735	468,068
Net book value					
At 31 July 2021	381,607	6,132	5,517	13,640	406,896
At 31 July 2020	391,921	13,616	6,589	20,425	432,551

11 Investment Property

	2021 £	2020
FAIR VALUE		
At 1 August 2020	115,000	
Reclassification	-	92,068
Fair value adjustment	-	22,932
At 31 July 2021	115,000	115,000

This relates to a proportion of the freehold property held by the charity which is leased out to a third party organisation. Due to a change in accounting standards, the proportion of the property leased out requires to be shown as investment property.

The property was valued by an external valuer, Alder King LLP on 2nd November 2020.

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12 Fixed asset investments	Company 2021 £	Company 2020 £
Investment in subsidiary	100	100

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

13 Debtors	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Amounts falling due within one year				
Trade debtors	2,542	2,542	2,460	2,256
Accrued income	163,960	156,119	214,930	201,913
Amounts due from subsidiary undertaking	-	15,595	-	100,519
Prepayments	27,700	20,507	18,388	11,231
	194,202	194,763	235,778	315,919

14 Creditors : amounts falling due within one year	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Trade creditors	53,438	52,794	61,806	59,654
Accruals	160,674	154,445	244,913	241,638
Deferred income	1,071,785	1,065,022	1,039,986	1,033,223
Other taxation and social security	17,760	19,717	24,638	25,259
	1,303,657	1,291,978	1,371,343	1,359,774

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15 Funds - Group

	At 01.08.20	Incoming	Resources	Transfer	Actuarial	At 31.07.21
Unrestricted funds	£	resources	expended	between	Gain on	£
				fund	pension	
General Fund	98,397	835,626	(903,622)	(520,909)	591,000	100,492
Capital Asset Reserve	45,463	-	(29,356)	508,619	-	524,726
Critical / Closure costs	240,000	-	-	-	-	240,000
Strategic reserve	40,000	-	-	-	-	40,000
Capital Spend Reserve	20,000	-	-	-	-	20,000
	443,860	835,626	(932,978)	(12,290)	591,000	925,218
Restricted funds						
Research/Project Activities	-	896,868	(909,158)	12,290	-	-
TOTAL FUNDS	443,860	1,732,494	(1,842,136)	-	591,000	925,218

The restricted funds received during the year were as follows:

	Opening	Income	Expenditure	Transfer from	Closing
	balance	£	£	unrestricted	balance
	£			funds	£
				£	
Erasmus + Migrant Sport	-	5,719	-	(5,719)	-
VocTech	-	9,625	9,625	-	-
EQAVET Restricted Call 3	-	38,809	44,818	6,009	-
Erasmus + Staff 2019	-	-	109	109	-
ILS	-	12,840	13,103	263	-
ARAD	-	2,156	2,156	-	-
ALN Advisor	-	144,778	144,947	169	-
Construction	-	219	219	-	-
Sport	-	148,840	148,840	-	-
Erasmus + Staff 18	-	76	933	857	-
Welsh	-	373,300	373,300	-	-
Flexible Adult Learning	-	83,717	85,534	1,817	-
Transitions (TIP)	-	1,067	1,067	-	-
Erasmus + Learner 18	-	4,946	3,789	(1,157)	-
HSC	-	1,470	1,470	-	-
ECVET	-	2,757	2,929	172	-
KA2	-	2,545	2,545	-	-
Erasmus + Learner 2019	-	-	525	525	-
Workload	-	32,546	32,546	-	-
EQF Workplan	-	31,458	40,703	9,245	-
	-	896,868	909,158	12,290	-

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15 Funds - (Con't)

Funds - Company

	At 01.08.20	Incoming	Resources	Transfer	Actuarial	At 31.07.21
Unrestricted funds	£	resources	expended	between	Gain on	£
				fund	pension	
General Fund	87,877	754,135	(809,187)	(520,711)	591,000	103,114
Capital Asset Reserve	40,628	-	(27,153)	508,421	-	521,896
Critical / Closure costs	240,000	-	-	-	-	240,000
Strategic reserve	40,000	-	-	-	-	40,000
Future Capital Reserve	20,000	-	-	-	-	20,000
	428,505	754,135	(836,340)	(12,290)	591,000	925,010
Restricted funds						
Research/Project Activities	-	896,868	(909,158)	12,290	-	-
TOTAL FUNDS	428,505	1,651,003	(1,745,498)	-	591,000	925,010

The restricted funds received during the year were as follows:

	Opening	Income	Expenditure	Transfer to / from	Closing
	balance	£	£	unrestricted	balance
	£			funds	£
				£	
Erasmus + Migrant Sport	-	5,719	-	(5,719)	-
VocTech	-	9,625	9,625	-	-
EQAVET Restricted Call 3	-	38,809	44,818	6,009	-
Erasmus + Staff 2019	-	-	109	109	-
ILS	-	12,840	13,103	263	-
ARAD	-	2,156	2,156	-	-
ALN Advisor	-	144,778	144,947	169	-
Construction	-	219	219	-	-
Sport	-	148,840	148,840	-	-
Erasmus + Staff 18	-	76	933	857	-
Welsh	-	373,300	373,300	-	-
Flexible Adult Learning	-	83,717	85,534	1,817	-
Transitions (TIP)	-	1,067	1,067	-	-
Erasmus + Learner 18	-	4,946	3,789	(1,157)	-
HSC	-	1,470	1,470	-	-
ECVET	-	2,757	2,929	172	-
KA2	-	2,545	2,545	-	-
Erasmus + Learner 2019	-	-	525	525	-
Workload	-	32,546	32,546	-	-
Erasmus + Staff 20	-	-	-	-	-
EQF Workplan	-	31,458	40,703	9,245	-
	-	896,868	909,158	12,290	-

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15 Funds - (Con't)

Comparatives for movement in funds

	At 01.08.19	Incoming	Resources	Transfer	Actuarial	At 31.07.20
Unrestricted funds	£	resources	expended	between	Gain/(Loss)	£
				fund	on	
					pension	
General Fund	35,110	777,642	(866,578)	509,223	(357,000)	98,397
Capital Asset Reserve	528,337	-	(23,451)	(459,423)	-	45,463
Critical / Closure costs		-	-	(22,932)	22,932	-
Strategic reserve	240,000	-	-		-	240,000
Capital Spend Reserve	40,000	-	-		-	40,000
International Curriculum Development	80,000	-	-	(60,000)	-	20,000
	923,447	777,642	(890,029)	(33,132)	(334,068)	443,860
Restricted funds						
Research/Project Activities	-	1,207,330	(1,240,462)	33,132	-	-
TOTAL FUNDS	923,447	1,984,972	(2,130,491)		(334,068)	443,860

The restricted funds received during the year were as follows:

	Opening	Income	Expenditure	Transfer from	Closing
	balance	£	£	unrestricted	balance
	£			funds	£
				£	
VocTech	-	15,375	15,375	-	-
EQAVET Restricted Call 3	-	20,460	22,495	2,035	-
Erasmus + Staff 2019	-	-	1,129	1,129	-
ALN - both	-	30,673	30,673	-	-
ARAD	-	3,364	3,364	-	-
ALN - Advisor	-	135,260	135,260	-	-
Construction	-	27,355	27,355	-	-
Sport	-	115,360	115,360	-	-
Erasmus + Staff 18	-	15,950	18,901	2,951	-
Cymraeg Gwaith	-	398,001	398,001	-	-
Flexible Adult Learning	-	225,765	225,765	-	-
Erasmus + Staff 2017	-	(452)	758	1,210	-
Erasmus + Learner 18	-	148,722	148,722	-	-
ECVET	-	1,950	1,950	-	-
KA2	-	3,951	3,951	-	-
Erasmus + Learner 2017	-	(5,978)	12,138	18,116	-
Erasmus + Learner 2019	-	22,624	26,808	4,184	-
Erasmus + Migrant Sport	-	17,828	17,828	-	-
EQF Workplan	-	14,249	17,756	3,507	-
Mental Health	-	16,873	16,873	-	-
	-	1,207,330	1,240,462	33,132	-

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15 Funds - (Con't)

A current year 12 months and prior year 12 months combined position is as follows:

	At 01.08.19	Incoming	Resources	Transfer	Actuarial	At 31.07.21
Unrestricted funds	£	resources	expended	between	Gain/(Loss)	£
				fund	on	
					pension	
General Fund	35,110	1,613,268	(1,770,200)	(11,686)	234,000	100,492
Capital Asset Reserve	528,337	-	(52,807)	49,196	-	524,726
Investment property	-	-	-	(22,932)	22,932	-
Critical / Closure costs	240,000	-	-	-	-	240,000
Strategic Reserve	40,000	-	-	-	-	40,000
Capital Spend Reserve	80,000	-	-	(60,000)	-	20,000
	923,447	1,613,268	(1,823,007)	(45,422)	256,932	925,218
Restricted funds						
Research/Project Activities	-	2,104,198	(2,149,620)	45,422	-	-
TOTAL FUNDS	923,447	3,717,466	(3,972,627)	-	256,932	925,218

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15 Funds - (Con't)

Erasmus + Curricular Pathways for Migrant Empowerment through Sport CPMES - partners in a collaborative sports project looking at curriculum developments in sport and non formal education. The project will utilise ETS (Education Through Sport) to support this principle.

VocTech - ColegauCymru were successful in applying for £25,000 of UFI VocTech project funding to run a short project responding to using technology in the vocational classroom. The project ran from May - October 2020 focusing on developing staff skills, creating engaging digital content for students and a round table event to encourage collaboration and sharing good practice within the sector.

EQAVET restricted call 3 – CollegesWales was successful in applying for funding to undertake research into tracking of VET graduates in other European regions. The project started on 1 April 2019 and will end on 31 March 2021.

Erasmus+ 2019 – staff - Funding was approved in July 2019 to enable 18 staff from FE colleges and other appropriate organisations in Wales to undertake a 4-day study visit to Stuttgart, Germany. The project end date is 31 August 2021. Due to the travel restrictions imposed by Covid19, a 12-month extension has been requested and ColegauCymru is waiting for confirmation of this from the UKNA.

ALN – ColegauCymru / CollegesWales is running a Welsh Government funded project to support colleges as they prepare for the implementation of the ALNET Act. As part of this, an ALN Transformation Lead has been employed. On behalf of Welsh Government, ColegauCymru is also co-ordinating a series of projects on provision and practice in the Independent Living Skills (ILS) curriculum area. We are working with representatives from colleges and wider stakeholders to capture and share existing best practice to develop the ILS curriculum and Learning Area Programme (LAP).

Agriculture, Land based and Rural development Research – Arad Ltd were contracted to conduct initial research into this area on behalf of the six colleges with provision. Completion November 2020.

Construction and Building Services Engineering Qualification Reform - ColegauCymru secured grant funding for £28,000 from Qualifications Wales to undertake a research exercise to scope the provision of specialist trade areas; to quantify demand for specialist trade areas by region; and to produce a list of Further Education colleges committed and/or with an appetite and ability to continue/begin to deliver specialist low uptake trade training and identify a timescale for development. To include a discussion of innovation in approach to delivery to support learning in specialist trade areas. ColegauCymru contracted Dr. Ian Rees to undertake the research project and present the findings. Completion August 2020.

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

Erasmus+ 2018 – staff - Funding was approved in May 2018 to enable 32 staff from FE colleges and other appropriate organisations in Wales to undertake a 4-day study visit to Helsinki, Finland and Montecatini, Italy. The visit to Italy took place in October 2019. The project closed on 31 August 2020, the final report submitted by 31 October 2020 and this was approved by the UK National Agency on 4 December 2020.

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15 Funds - (Con't)

Cymraeg Gwaith – The project aims to increase Welsh/bilingual provision in the post 16 sector by giving colleges the opportunity to develop the bilingual skills of their teaching staff. The project plans to provide lecturers and assessors with 120 hours of Welsh teaching for approximately 210 staff members with a focus on academic staff including lecturers and assessors.

Flexible Adult Learning - Welsh Government is funding 3 pilot projects on FE colleges' preparedness for Brexit. Colegau Cymru is managing the three projects and they will all focus on the delivery of flexible adult learning. Coleg Sir Gâr/Coleg Ceredigion, Bridgend College and Coleg Cambria are running the pilot projects that were due to run from September 2019 to March 2020. Due to Covid19, the project deadlines were extended and the project will now end in March 2021.

Transition - Supported by the Welsh Government, ColegauCymru has coordinated Phase One of the Transition Information Project to conduct a scoping study to examine transition for learners moving from school to further education during Covid-19 for September 2021. The project ran from the 10th June 2021 until December 2021. Reference groups were set up with both FE and School representatives with a report written with the findings.

Erasmus+ 2018 – learner - Funding was approved in May 2018 to enable 536 vocational learners and apprentices to undertake 2-week work placements in Europe. The project was closed on 31 August 2020, the final report submitted by 31 October 2020 and this was approved by the UK National Agency on 7 January 2021.

Health and Social Care and Childcare Qualification Reform Grant - To provide support for the continuation of the HSC network to the end of the academic year and to undertake a final evaluation report summarising the feedback from the sector on the delivery and preparations for the new HSC qualifications.

ECVET – This is a 12-month annual project that runs from 1 January to 31 December 2020. The UK National Agency for Erasmus+ manages the project and ColegauCymru has been involved in attending training days, leading workshops and producing training videos as part of these projects.

Erasmus+ KA2 – ColegauCymru is a partner in this Erasmus+ Key Action 2 project let by CIPFP La Costera in Valencia, Spain. The project has been extended due to Covid19 and will end in December 2022.

Erasmus+ 2019 – learner - Funding was approved in July 2019 to enable 624 vocational learners and apprentices to undertake 2-week work placements in Europe. The project will be completed on 31 August 2022 (a 12 month extension was granted due to Covid19) and the final report will be submitted by 31 October 2022.

Workload – To undertake an evidence based review of FE workload, the establishment and running of a Workload Steering group and the production of a scoping report with details of initial analysis and agreed recommendations for phases 2 and 3, signed off by the steering group.

Erasmus+ 2020– staff - Funding was approved in July 2020 to enable 30 staff from FE colleges and other appropriate organisations in Wales to undertake 4-day study visits to Ireland, Norway and Austria. The project will be completed on 30 December 2023 following the approval of a 12-month extension by the UK National Agency due to Covid19

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15 Funds - (Con't)

Erasmus+ 2020 (learner) - Funding was approved in July 2020 to enable 876 vocational learners and apprentices to undertake 2-week work placements in Europe. The project will be completed on 30 December 2023 following the approval of a 12-month extension by the UK National Agency due to Covid19.

EQF Workplan - Funding was approved in July 2018 to enable Wales and Scotland to re-reference their qualifications frameworks to the European Qualifications Framework (EQF). The total value of the project was €167,061. The project was scheduled to run from 1 March 2018 for 34 months ending 31 December 2020. Due to Covid19, the project was extended to 31 March 2021 and the final report approved by the European Commission in August 2021.

The unrestricted funds held by the charity at 31st July 2021 were as follows:

	£	
General Fund	100,492	This represents general unrestricted funds for use within the charity
Existing Capital Reserve	524,726	This represents funds designated for the net book value of capital assets held within the Charity at the year end.
Critical / Closure costs	240,000	To meet the potential closure costs which would be incurred should the charity cease.
Strategic reserve	40,000	To meet the costs of strategic expenditure identified within the designated reserves which are funded through income and expenditure account.
Future Capital Reserve	20,000	This represents future plans for capital spend
	<u>925,218</u>	

Analysis of assets between funds:

	Unrestricted General Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
Tangible Fixed Assets	524,726	-	524,726	552,384
Current Assets	932,926	1,033,223	1,966,149	2,002,819
Current Liabilities	(532,434)	(1,033,223)	(1,565,657)	(2,111,343)
	<u>925,218</u>	<u>-</u>	<u>925,218</u>	<u>443,860</u>

16 Leasing agreements

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

GROUP ONLY	Properties £	Other £	2021 £	2020 £
Within one year	44,250	-	44,250	84,439
Between one and five years	-	16,947	16,947	16,947
	<u>44,250</u>	<u>16,947</u>	<u>61,197</u>	<u>101,386</u>

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17 Comparative Statement of Financial Activities

Note	Unrestricted funds £	Restricted funds £	Total 2020 £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	-	-	-
Charitable activities:			
Annual subscriptions	632,161	-	632,161
Advancement of education for the benefit of the general public	51,462	1,207,330	1,258,792
Other trading activities:			
Commercial trading operations	78,787	-	78,787
Investments	15,232	-	15,232
Total income	777,642	1,207,330	1,984,972
EXPENDITURE ON			
Charitable activities			
Advancement of education for the benefit of the general public	811,028	1,240,462	2,051,490
Other trading activities:			
Commercial trading operations	79,001	-	79,001
Total expenditure	890,029	1,240,462	2,130,491
NET INCOME / (EXPENDITURE)	(112,387)	(33,132)	(145,519)
Transfers between funds	(33,132)	33,132	-
OTHER RECOGNISED GAINS / (LOSSES)			
Fair Value Adjustment	22,932		22,932
Actuarial gain on defined benefit scheme	(357,000)	-	(244,000)
Net movement in funds in year	(479,587)	-	(479,587)
RECONCILIATION OF FUNDS			
Total funds brought forward	923,447	-	923,447
TOTAL FUNDS CARRIED FORWARD	443,860	-	443,860

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

COLLEGES WALES / COLEGAU CYMRU LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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18 Capital commitments and contingencies

There were no capital commitments as at 31 July 2021 (2020: nil)

19 Post balance sheet events

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

20 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 FRS 102 - 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 2022

The Employer's regular contributions to the fund for the year ending 31 July 2022 are estimated to be £0.156M. In addition, Strain on Fund Contributions may be required.

Assumptions

The latest actuarial valuation of Colleges Wales liabilities took place as at 31 March 2019. 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 FRS 102 purposes were:

	31-Jul-21 (% pa)	31-Jul-20 (% pa)	31-Jul-19 (% pa)
Discount rate	1.7	1.4	2.1
RPI inflation	2.6	2.3	3.3
CPI inflation	2.6	2.3	2.3
Rate of increase to pensions in payment	2.6	2.3	2.3
Rate of revaluation of pension accounts	2.6	2.3	2.3
Rate of general increase in salaries	3.6	3.3	3.3

Mortality Assumptions

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

Assumed life expectancy at age 65

Males	31 July 21	31 July 20
Future lifetime from age 65 (current aged 65)	22.3	22.2
Future lifetime from age 65 (current aged 45)	23.3	23.2
Females	31 July 21	31 July 20
Future lifetime from age 65 (current aged 65)	24.7	24.6
Future lifetime from age 65 (current aged 45)	26.1	26.0

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NOTES TO THE FINANCIAL STATEMENTS
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20 Pensions - (Cont'd)

Asset allocation

	Value at 31 July 2021 (£M)	Value at 31 July 2020 (£M)
Equities	66.5%	61.1%
Property	6.6%	8.2%
Government bonds	10.1%	12.0%
Corporate bonds	15.2%	17.1%
Cash	1.6%	1.4%
Other	0.0%	0.2%
Total	100.0%	100.0%

Reconciliation of funded status to balance sheet

	Value at 31 July 2021 (£M)	Value at 31 July 2020 (£M)
Fair value of fund assets	3.652	2.981
Present value of liabilities	(3.914)	(3.721)
Funded status	(0.262)	(0.740)
Unrecognised asset	0.000	0.000
Pension asset/(liability) recognised on the Balance Sheet	(0.262)	(0.740)

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
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FOR THE YEAR ENDED 31 JULY 2021

20 Pensions - (Cont'd)

Amounts recognised in Income Statement	Year ending 31 July 2021 (£M)	Year ending 31 July 2020 (£M)
Operating Cost		
Current service costs	0.249	0.172
Past service costs	0.000	0.000
Curtailment cost	0.000	0.000
Settlement cost	0.000	0.000
Financing Cost		
Interest costs	0.010	0.005
Expense recognised in Profit and Loss	0.259	0.177

Allowance for administration expenses included in Current Service Cost in 2021 £0.002m and 2020 £0.002m.

Changes to the present value of liabilities during the year	Year ending 31 July 2021 (£M)	Year ending 31 July 2020 (£M)
Opening present value of liabilities	3.721	3.229
Current service cost	0.249	0.172
Interest cost	0.052	0.067
Contributions by participants	0.039	0.035
Actuarial (gains)/losses on liabilities *	(0.060)	0.295
Net benefits paid out #	(0.087)	(0.077)
Past service cost	0.000	0.000
Net increase in liabilities from disposals and acquisitions	0.000	0.000
Curtailments	0.000	0.000
Settlements	0.000	0.000
Closing present value of liabilities	3.914	3.721

* Includes changes to the actuarial assumptions

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

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

20 Pensions - (Cont'd)

Changes to the fair value of assets during the year	Year ending 31 July 2021 (£M)	Year ending 31 July 2020 (£M)
Opening fair value of assets	2.981	2.892
Interest income on assets	0.042	0.062
Remeasurement gains/(losses) on assets	0.531	(0.062)
Contribution by the employer	0.146	0.131
Contribution by participants	0.039	0.035
Net benefits paid out #	(0.087)	(0.077)
Net increase in assets from disposals and acquisitions	0.000	0.000
Settlements	0.000	0.000
Closing fair value of assets	3.652	2.981

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.

Actual return on assets	Year ending 31 July 2021 (£M)	Year ending 31 July 2020 (£M)
Interest income on assets	0.042	0.062
Gain/(Loss) on assets	0.531	(0.062)
Actual return on assets	0.573	0.000

Analysis of amount recognised in Other Comprehensive Income	Year ending 31 July 2021 (£M)	Year ending 31 July 2020 (£M)
Asset gains/(losses) arising during the period	0.531	(0.062)
Liability gains/(losses) arising during the period	0.060	(0.295)
Total (loss) in OCI	0.591	(0.357)

COLLEGES WALES / COLEGAU CYMRU LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

21 EFFECT OF PENSION ON THE DEFICIT FOR THE YEAR

	2021 £	2020 £
(Deficit) before pension adjustment	3,358	(99,519)
Pension adjustment Included in the Income & expense account		
Employers contributions transferred against liability	(146,000)	(131,000)
Pension adjustment	249,000	172,000
Finance cost	10,000	5,000
(Deficit) per accounts	(109,642)	(145,519)

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

22 Related party transactions

Due to the nature of the charity'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 charity will undertake transactions with those Colleges in which a member of the board of the charity, 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 charity's normal financial procedures.

The trustees' of the charity during the year and their relationship with the respective Colleges were :

Director	College	Relationship
Guy Lacey (appointed 01/07/18) Chair	CEO/Principal, Coleg Gwent	Trustee
Simon Pirotte (appointed 04/01/21)	CEO/Principal, Bridgend College	Trustee
Paul Croke (appointed 1/8/19, resigned 31/10/21)	Chair, Bridgend College	Trustee
Louise Casella (appointed 1/8/19)	Director, The Open University in Wales	Trustee
Jeffrey Greenidge (appointed 1/8/19)	Owner, Ariege Consultancy, Chair Bridgend College	Trustee
Paul Smart (appointed 4/1/21)	Retired	Trustee
Rhiannon Evans (appointed 24/11/21)	Senior Lecturer, Cardiff University	Director
Suzy Davies (appointed 24/11/21)	Senedd Member	Director
Iestyn Morris (Resigned 31/12/20)	Partner, Capital Law	Trustee

During 2020/21 it was agreed that there should be a common board for both companies and this was put into effect from

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

Director	College	Relationship
Guy Lacey (appointed 01/07/18) Chair	CEO/Principal, Coleg Gwent	Director
Simon Pirotte (appointed 04/01/21)	CEO/Principal, Bridgend College	Director
Paul Croke (appointed 1/8/19, resigned 31/10/21)	Chair, Bridgend College	Director
Louise Casella (appointed 4/1/21)	Director, The Open University in Wales	Director
Jeffrey Greenidge (appointed 4/1/21)	Owner, Ariege Consultancy, Chair Bridgend College	Director
Paul Smart (appointed 4/1/21)	Retired	Director
Rhiannon Evans (appointed 24/11/21)	Senior Lecturer, Cardiff University	Director
Suzy Davies (appointed 24/11/21)	Senedd Member	Director
Mike James (Resigned 31/12/20)	CEO/Principal, Cardiff and Vale College	Director
Dafydd Evans (Resigned 31/12/20)	CEO/Principal, Grŵp Llandrillo Menai	Director

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

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

22 Related party transactions - (Con't)

Income invoiced to Colleges during the year

	Subs	Sport	EU/Int	Dev	Projects	Other	Total
	£	£	£	£	£	£	£
Bridgend College	41,344	5,138	4,709	-	920	280	52,391
Cardiff and Vale College	43,307	5,138	4,709	11,303	1,500	280	66,237
Coleg Sir Gar and Coleg Ceredigion	43,307	5,138	4,709	-	920	280	54,354
Coleg Gwent	43,307	5,138	4,709	-	920	280	54,354
Coleg y Cymoedd	43,307	5,138	4,709	-	-	280	53,434
Coleg Cambria	43,307	5,138	4,709	11,303	920	-	65,377
Gower College Swansea	43,307	5,138	4,709	11,303	-	304	64,761
Grwp Llandrillo Menai	43,307	5,138	4,709	11,303	920	280	65,657
The College Merthyr Tydfil Ltd.	26,369	5,138	4,709	-	-	280	36,496
NPTC Group of Colleges	43,307	5,138	4,709	11,303	920	280	65,657
Pembrokeshire College	29,144	5,138	4,709	11,303	-	280	50,574
Adult Learning Wales	14,653	-	4,709	-	-	-	19,362
St David's Catholic College *	15,763	1,000	-	-	-	-	16,763
Total	473,729	57,518	56,508	67,818	7,020	2,824	665,417

* Associate member

Payments to Colleges during the year

	Catering/ Accom.	Other	Projects	Other	Total
	£	£	£	£	£
Bridgend College	-	-	57,083	-	57,083
Cardiff and Vale College	-	-	68,000	-	68,000
Coleg Sir Gar and Coleg Ceredigion	-	-	105,795	-	105,795
Coleg Gwent	-	-	45,100	-	45,100
Coleg y Cymoedd	-	-	30,000	-	30,000
Coleg Cambria	-	-	66,600	-	66,600
Gower College Swansea	-	-	59,000	-	59,000
Grwp Llandrillo Menai	-	-	60,000	-	60,000
The College Merthyr Tydfil Ltd.	-	-	15,000	-	15,000
NPTC Group of Colleges	-	-	51,600	-	51,600
Pembrokeshire College	-	-	40,600	-	40,600
St David's Catholic Sixth Form College *	-	-	600	-	600
Adult Learning Wales	-	-	-	1,710	1,710
Total	-	-	599,378	1,710	601,088

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited by Guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

22 Related party transactions - (Con't)

The following amounts were receivable from Colleges at 31 July 2021 :

	£
Cardiff and Vale College	1,347
Coleg Gwent	280
Gower College Swansea	540
Merthyr Tydfil College	375
Total	<u>2,542</u>

The following amounts were due to Colleges at 31 July 2021

	£
Cardiff & Vale College	14,000
Coleg Gwent	2,500
Coleg Sir Gar and Coleg Ceredigion	14,001
Coleg Cambria	4,000
Llandrillo College	4,000
Merthyr Tydfil College	3,000
Total	<u>41,501</u>

COLLEGES WALES / COLEGAU CYMRU LIMITED
(Limited By Guarantee)
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2021

	Year ended 31 July 2021 £	£	Year ended 31 July 2020 £	£
INCOME				
College subscriptions	660,844		632,161	
Grants receivable	767,476		1,116,129	
Sports Grant Income	148,840		115,360	
Other income	63,347		27,303	
Bank interest	247		4,060	
Rents received	10,270		11,172	
Staff development activities	36,220		32,986	
Lease rental income	45,250		45,801	
		1,732,494		1,984,972
LESS:				
COST OF SALES				
Other operating leases	44,250		47,658	
Staff development expenditure	30,182		20,494	
		74,432		68,152
EXPENDITURE				
Conferences	-		840	
Public affairs and representation	9,574		7,852	
Website development	370		18,152	
Projects & advisory groups	671,267		1,090,317	
Accommodation costs	16,561		22,520	
Staff costs	909,348		797,752	
Office administration	45,723		53,266	
Travel & expenses	1,315		19,127	
Legal & professional fees	12,334		12,841	
Auditors remuneration	6,750		6,550	
Auditors remuneration - non audit fees	6,167		4,566	
Bank charges	1,208		1,234	
Bad Debts	-		(370)	
Exchange rate loss	57,732		4,240	
Depreciation:				
Freehold property	10,314		10,314	
Fixtures & fittings	9,812		9,964	
Computer equipment	9,229		3,174	
		1,767,704		2,062,339
DEFICIT FOR THE YEAR		(109,642)		(145,519)