



**colegsirgâr**

**COLEG SIR GÂR**  
**(a company limited by guarantee)**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2021**

**Company registration no : 8539630**

**Charity registration no : 1152522**

# COLEG SIR GÂR

## INDEX

Public Benefit Statement	2 – 3
Strategic Report	4 - 15
Directors' Report	16 – 22
Statement of Corporate Governance and Internal Control	23 - 27
Independent Auditor's Report to the Member of Coleg Sir Gâr	28 – 31
Income and Expenditure Account	32
Statement of Changes in Reserves	33
Balance Sheet	34
Cash Flow Statement	35
Statement of Principal Accounting Policies and Estimation Techniques	36 - 41
Notes to the Financial Statements	42 – 62

# COLEG SIR GÂR

## PUBLIC BENEFIT STATEMENT

Coleg Sir Gâr is a registered charity (charity registration number: 1152522). The members of the Board of Directors, who are trustees of the charity, are disclosed in the Directors' Report on page 16.

In setting and reviewing the College's strategic objectives, the Board of Directors has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

### ***Charitable Objectives***

The College's objective is to provide, for the public benefit in the United Kingdom and elsewhere, further and higher education and (subject to any consultation with any relevant local authority) secondary education (as defined in each case in section 18(1) of the Further and Higher Education Act 1992 (or any replacement thereof).

The College is well aware of its public benefit responsibility and, therefore, ensures that this is at the heart of all its operations and services.

### ***Fulfilment of the charitable objectives***

#### **Beneficiaries**

The beneficiaries are appropriate to the aims as the students in the further, higher and secondary education sector (a sufficient sector of the public to meet the public benefit test) are the direct beneficiaries.

Coleg Sir Gâr is a college of further and higher education based in Carmarthenshire in South West Wales. The college has five campuses within the county: Llanelli (Graig campus); Ammanford; Llandeilo (Gelli Aur campus); and Carmarthen (Pibwrlwyd and Job's Well campuses). Currently the College has approximately 9,000 students enrolled on a range of courses including A Levels, Vocational Awards, Certificates and Diplomas, Higher National Certificates, Foundation Degrees and Degree programmes.

To deliver these courses, the College employs circa 750 teaching and support staff. The courses, students and staff are all located within one of 8 curriculum areas. The success of the College's students highlights the benefits of the range of effective partnerships maintained by the College.

The excellence of the College's partnership with the Carmarthenshire 14-19 Learning Network has been recognised with the achievement of a UK Beacon Award. The College's partnerships with industry are of significant importance and relationships with the construction industry have been recognised by an all Wales and UK Regional National Training Award.

In addition to College based provision, the College is also a significant work based learning provider with an extensive range of Traineeship and Apprenticeship programmes in a wide range of industrial sectors. The College has invested heavily over the last decade to provide students with the best possible learning environment. This has allowed the College's students to access excellent facilities and resources. The College also prides itself on being a caring and safe college, at all times putting the interests of the students first.

#### **Admissions policy**

The College operates a flexible and inclusive admissions policy, and provides for differentiation and individual needs in the design of its learning programmes. Some programmes have specific entry requirements which are reviewed annually and published in the College prospectus.

# COLEG SIR GÂR

## PUBLIC BENEFIT STATEMENT (continued)

### Student Support/Bursaries/Scholarships

Students at the College are entitled to apply for various packages of support and funding in the same way as anyone studying in further or higher education in Wales.

Further education students between the ages of 16 and 19 can apply for the Education Maintenance Allowance, and students who are aged 19 or older can apply for an Assembly Learning Grant. Other bursaries are also available within the College for higher education students subject to eligibility.

Financial Contingency Funds are also available within the College which students can apply for to support their studies.

### Widening Participation

The College has a comprehensive and broad range of academic and vocational education and training programmes. These range from pre-entry to graduate level, providing a service to the whole learning community. It offers further education, adult and community learning, higher education and work-based learning. It also provides for large numbers of 14-16 school pupils who attend the College or are taught by College staff at their schools. The College delivers across five campuses, at various community locations, in the workplace and online.

### Community Engagement

The College offers other facilities which are available to staff, students and members of the public.

By order of the Board



Signature .....

Date: 9<sup>th</sup> December 2021.....

Mrs Maria Stedman  
Director

# **COLEG SIR GÂR**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021**

The directors present their strategic report for the year ended 31 July 2021.

### **Background**

In 1992, Parliament passed the Further and Higher Education Act as a result of which all former institutions of further education (where the total full-time, block release and part-time day release student enrolments in the 1990 FESR amounted to at least 15 per cent of the College's student load) and all existing sixth form institutions were incorporated into a new sector. The College was incorporated on 30 September 1992, although the Corporation did not become an independent Institution until 1 April 1993 (vesting day).

On 1 August 2013 the Coleg Sir Gâr Further Education Corporation (Dissolution) Order 2013 came into force. This order dissolved the further education corporation previously established and transferred all of its properties, rights and liabilities to the new Coleg Sir Gâr Company. The Coleg Sir Gâr (Designated Institutions in Further Education) Order 2013 came into force on the same day establishing a new College conducted by a registered company, limited by guarantee. This new Coleg Sir Gâr company is a wholly owned subsidiary of University of Wales: Trinity Saint David.

On the 1<sup>st</sup> August 2017, Coleg Ceredigion became a wholly owned subsidiary of Coleg Sir Gâr, having formerly been a direct subsidiary of the ultimate parent company University of Wales: Trinity Saint David.

### **Principal activities**

Coleg Sir Gâr is a large, multi-site, Further Education College based in South West Wales and has five main campuses at Llanelli (Graig), Carmarthen (Pibwrlwyd and Jobs Well), Ammanford and Llandeilo (Gelli Aur). It has approximately 9,000 learners of which some 3,000 are full time and 6,000 are part time. There are approximately 750 higher education learners. The College has a comprehensive and broad range of academic and vocational education and training programmes that range from pre-entry to graduate level, providing a service to the whole learning community. The principal activities of the College are further education, higher education, work-based learning, 14-16 school provision, professional training, consultancy and the delivery of Government initiatives to industry. The College also offers its provision online, via partnerships at community locations and in the workplace.

Campuses vary in size and nature and offer a variety of subjects. The College has an annual turnover of around £40m and employs circa 750 staff. Of these, 345 are directly involved in teaching and 355 in support and administrative functions

### **The County**

Carmarthenshire is a predominantly rural county with a chain of market towns providing the focus of activity. Carmarthen is the county town with a strong retail sector and relatively large local government, health and administration population.

The south east of the county has historically been associated with heavy industry and is the most densely populated part of the county, with Llanelli being the largest settlement. Whilst some large key employers remain in this part of the county, the economy has sought to diversify into light engineering and new technology industries.

The Index of Deprivation shows that there are concentrated areas of educational deprivation, employment deprivation and, consequently, multiple deprivation in South West Wales. Carmarthenshire has proportionally higher levels of inactive individuals in comparison to Wales and the UK.

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

### Strategic Vision

#### VISION

- Our College will always put the needs of the learner first and our primary focus will be to develop ambitious, highly skilled, resilient and employable learners who improve their self-esteem and are confident to take their place in the workforce of the future.
- All our actions will be defined by our core values and behaviours.
- We will achieve excellence in teaching and learning practice and have the highest standards in learner outcomes, leading to successful progression for all learners. An ambitious workforce development programme will drive improvement at all levels.
- Our curriculum will be innovative and will evolve to meet the ever-changing demands of global industry, and our curriculum pathways will facilitate progression through an integrated Dual Sector University.
- We will be a safe and caring College that improves the wellbeing of learners and staff.
- We will sustain and improve partnerships that bring real benefit to the learner. We will remain at the heart of the community, discharging our civic duty and we will be recognised as a bilingual College in Wales, championing the Welsh language and culture.
- Financial resilience, based on diversified income streams, will be of paramount importance to us and we will drive operational efficiency and effectiveness to maximise our business performance.
- A sustainable, contemporary, estate and cutting-edge resources will provide an outstanding environment for learners to be successful in their future careers.

### Values and Behaviours

#### PURPOSE

*learners, care, respect, integrity, customer focused*

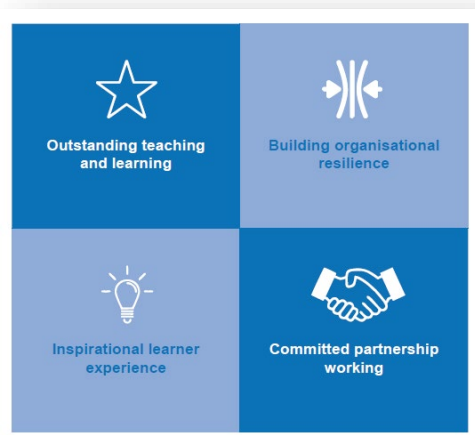
#### PASSION

*positivity, recognition, praise, aspiration*

#### PROFESSIONALISM

*teamwork, transparency, flexibility, responsibility, accountability, communication*

### Strategic Priorities



# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

### Financial Performance and Objectives

The College's financial objectives are:

- to achieve an annual operating surplus (defined as a surplus prior to FRS 102 non cash pension costs) and positive cash flow
- to diversify income streams and reduce reliance on core funding
- to generate sufficient levels of cash to support the asset base of the College
- to ensure a healthy short-term liquidity position
- to fund continued capital investment

The Statement of Comprehensive Income for the period is set out on page 31. The highlights for the period in relation to these are detailed below.

- Total income for the period has increased to circa £41m (2020: £35m); primarily driven by additional support grants from WG in relation to Covid 19. Maintaining a significant level of turnover reflects the continued success of the College at delivering education. Fluctuations in turnover are inevitable, and can be greatly influenced by the level of project work undertaken.
- Staff costs as a percentage of total income decreased from 65.0 % to 58.0 % (driven in the main by the increase in turnover due to Covid funds which more than offset national pay rises). The average number of staff employed remained relatively constant. Other operating expenses increased as a percentage of total income from 32% to 34% (mainly Covid driven expenditure).
- The surplus for the year was £ 528,000 (2020: £1,257,000 loss)
- The liquidity position remains satisfactory, with the ratio of short-term assets to creditors falling due within one year standing at 1.8 (2020: 1.5).
- Net assets have increased from a negative £ (6.4) million to a negative £(1,23)million . Net assets, excluding defined benefit obligations have increased from £23.7 million to £26.5 million. For further details on the accounting standards under which these financial statements are prepared, see the Statement of Principal Accounting Policies and Estimation Techniques on page 32. Note that the negative net asset position is entirely driven by the pension liability.
- Specific capital grants were applied in line with the College's Strategic Plan towards enhancing effectiveness and providing a quality learning environment.
- The provision for enhanced pensions was reviewed during the period and the balance required at 31 July 2021 has been estimated at £685,000 (2020: £748,000).
- During the year, the college like all other organisations in the UK, was faced with significant challenges as a result of the Covid pandemic e.g lockdowns, social distancing, cleaning and on-line learning transition. In light of this, the results for the year were particularly pleasing.

### Treasury policies and objectives

Treasury management is the management of the College's cash flows, banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

# **COLEG SIR GÂR**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021**

### **Cash flows, liquidity and reserves policy**

The college operating cashflow position for the year is a positive amount of £5.6m. Overall cash balances increased by £5.5m (from £7.3m to £12.8m). The College wishes to continue to accumulate cash balances to fund future planned capital developments. To achieve this, the College has continued its drive for efficiency in the education and training it delivers. This has been, and will be, achieved by thoroughly reviewing its curriculum provision, effective deployment of resources, and best value procurement of goods and services. In addition, the College continues to seek and develop other sources of income. Significant re-investment into the College estate and plant and equipment ensures that learners have quality provision to aid in their educational process.

### **Curriculum Development and Enrichment**

There is a wide-ranging curriculum that meets learners' aspirations. The curriculum is broad, flexible, coherent, and facilitates progression. It is offered in a variety of modes to suit learners' needs. There is a strong vocational focus and all Sector Subject Areas are represented at the College.

The curriculum is formulated and reviewed in partnership with the College's stakeholders, the Regional Learning and Skills Partnership (RLSP), Sector Skills Councils, 14-19 networks, the ACL Group, University of Wales: Trinity Saint David, industry, business and local employers. This is supplemented using skills observatory data provided through the RLSP.

The College Curriculum and Quality team report to the Board's Advisory Body for Learners and Standards. This provides a focus for discussion on curriculum and quality policy and development matters.

A range of options are available at all levels which offer diversity and choice to learners. The County's Youth Access programme also provides a partial full-time alternative curriculum for learners at the College who have had difficulty in, or have been excluded from, local schools. Almost the entire curriculum offered by the College is accredited, providing opportunities for learners to attain formal qualifications.

A range of further accredited provision is provided to learners to support learning. Learners also engage in a wide range of activities that enrich their study including work-related experiences, live projects, educational visits, overseas visits, environmental work, visiting speakers, community arts, voluntary work and fundraising.

### **Partnership and Transformation**

The College has excellent partnership arrangements which contribute to an enhanced curriculum and learning experience.

- From 1 August 2013, the College became part of the University of Wales: Trinity Saint David group, maximising opportunities for learners and sharing information, expertise and resources. In a similar vein, Coleg Ceredigion became a subsidiary of Coleg Sir Gar on the 1<sup>st</sup> August 2017.
- Through partnerships within the education authority and with local partner schools (over 17 schools), the breadth and volume of vocational opportunities for 14-19 school pupils is significant.
- Education and employer links are excellent and include the College's long and fruitful collaboration with Carmarthenshire Construction Training Association Ltd (CCTAL) and CYFLE.
- The College has made a significant contribution to the South West Wales Regional Learning and Skills Partnership and to the Public Service Board.



# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

- Very good partnerships exist with Pembrokeshire College, other FE colleges and a number of other private training providers in the delivery of Work Based Learning (WBL) through the B-WBL Consortium.
- Long standing relationships are continuing with Carmarthenshire County Council in the delivery of Adult and Community Learning.
- Close working relationships exist with the LEA Youth Service and local schools to offer support and courses to learners who are at risk of becoming NEET (Not in Employment, Education or Training).
- Excellent partnership working has been achieved with the Scarlets, National Botanical Gardens Wales and Aberglasney Gardens, all of which act as centres for delivery.
- The College is well represented by members of the executive and College management team on a range of national networks; Adult and Community Learning; 14-19 Networks; Colegau Cymru and Welsh Government.
- Excellent sporting academies in rugby, football and netball provide opportunities for learners at elite levels. These opportunities have resulted from working partnerships with the Welsh Rugby Union; Scarlets; ,FAW-Welsh College FA- Welsh Schools FA , Wales Football Trust, Llanelli Town FC- AOC Sport- Welsh Colleges Sport - and the Welsh Netball Association.

## Quality and Standards

**Note that the next section of the report that deals with quality performance, measures and statistics reflects the combined data for both Coleg Sir Gâr and its subsidiary company Coleg Ceredigion. Coleg Sir Gâr is by far the largest proportion in terms of weighting, with a turnover of circa £ 35m against £5m for Coleg Ceredigion (9000 students vs circa 600 students respectively).**

The College was scheduled an HMI Estyn inspection in March 2020 and as a consequence of the Covid-19 pandemic this inspection was cancelled. It is expected that the inspection will now happen in early 2022.

The College underwent its last inspection (Coleg Sir Gâr only for this Estyn element) in 2013 and achieved the following successful outcomes:

The provider's current performance	Good
The provider's prospects for improvement	Good

In particular, its development of literacy was highlighted as good practice.

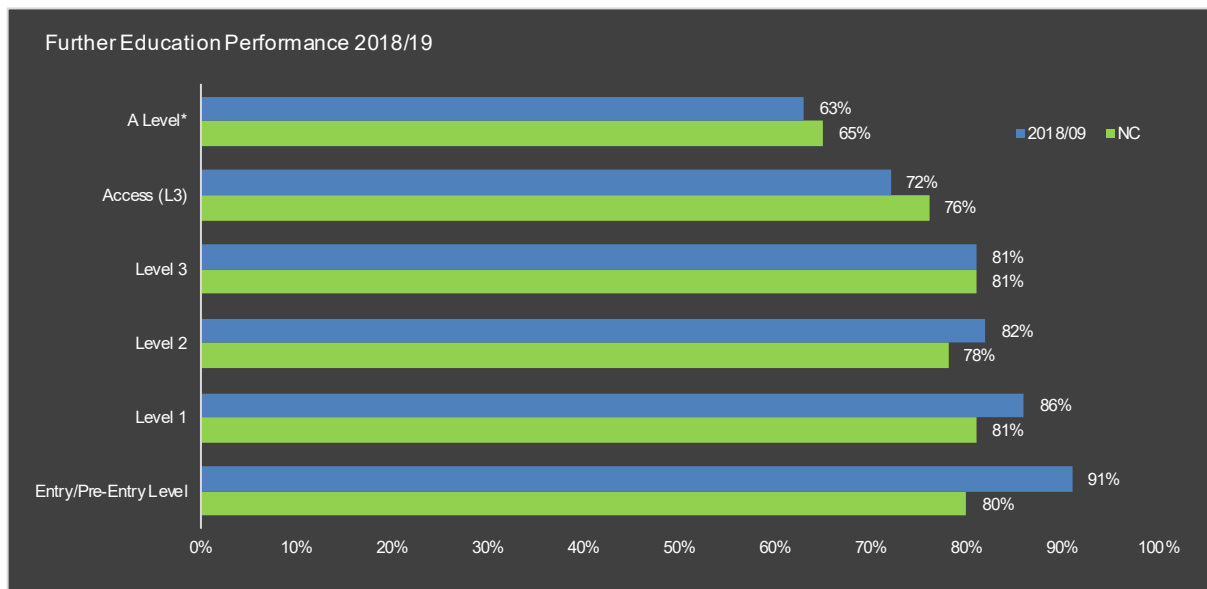
# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

### Further Education

***Welsh Government has not published College-based performance measures for 2019/20 and 2020/21 due to the alternative national arrangements put in place for centre determined and teacher assessed grading. As such , the data below relates to the prior year 2018/19.***

Learners at Coleg Sir Gâr and Coleg Ceredigion continue to perform very well. College successful completion for Entry/Pre-Entry and Level 1 is excellent and significantly above their national comparators. Levels 2 and 3 are good and similarly above or at the national comparators. Level 3 Access and A Level are adequate and below their national comparators.



\* % Learners achieving 3 or more A Levels at A\*-E

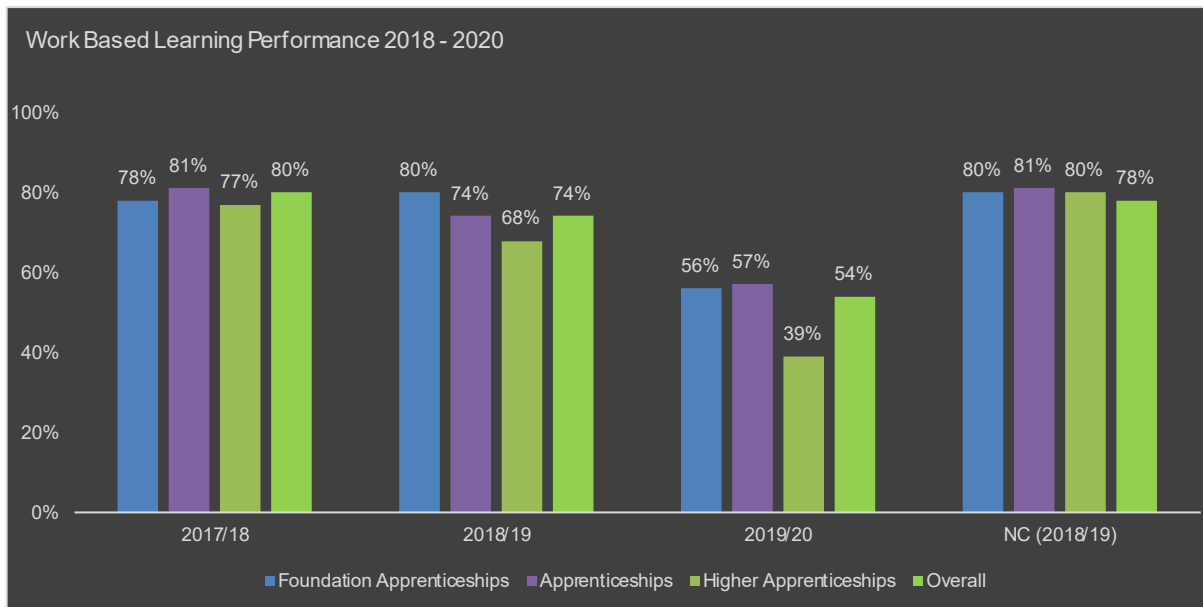
### Work-Based Learning

The pandemic has had a significant impact on success rates across all apprenticeship levels in 2019-2020. especially those learners on higher apprenticeship programmes. WBL learners along with FE and HE students were supported during the lock down. Apprentices that were furloughed were supported in the same way as those apprentices which were able continue with their employment. All learners received guidance on how to access on line teaching and learning. During the period when restrictions were eased, apprentices were invited into College under strict Health and Safety conditions to complete assessments on campus. Every effort was made by the Faculties to support as many apprentices through their qualifications as possible. In many areas the successful outcomes were not achieved in time for the LOR 19/20.

Following the challenges of 2019/20, 2020- 2021 was a much better year with far less disruption and much better outcomes with the exception perhaps to some areas of the Care sector that continued to work under restrictions.

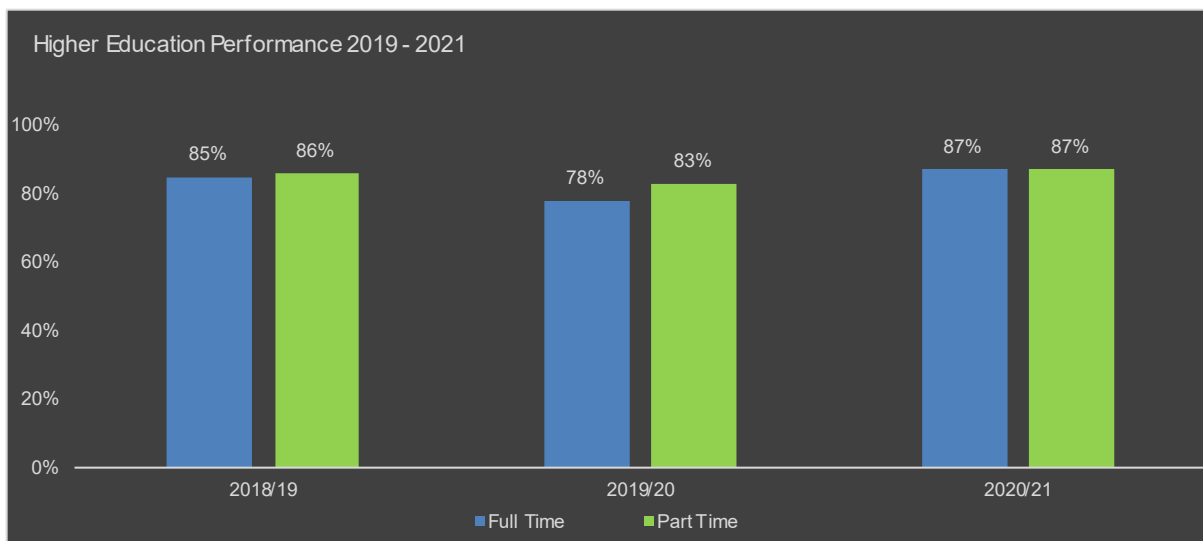
# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021



### Higher Education

The College continues to monitor its trends in performance as it strives towards continuing to improve its standards at the higher education level. Historically, higher education learners have consistently performed very well. Academic year 2019/20 was a particularly difficult year for staff and students having to adapt very quickly to online teaching, learning and assessment. The disruption to teaching and learning continued in 2020/21, and yet, a significant increase in successful completion is particularly notable in full time provision.



### Quality of Teaching and Learning

Whilst the College's aim over recent years has been on improving classroom experiences and learner outcomes, the last 18 months has been an extraordinary period in teaching and learning. The impact of the global pandemic has been extremely challenging and disruptive for teachers and learners with a move to online/blended teaching and learning, in a very short period of time. Specialist functions across the College have worked together to support teachers and staff adapt to these challenges and to ensure that learners complete and succeed to achieve their learning programmes.

# **COLEG SIR GÂR**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021**

Policies have focused on helping the College move from good to excellent. The significant emphasis on training, motivating and supporting staff was recognised in 2017 when Coleg Sir Gâr was awarded the Association of Colleges Beacon Award for excellence in staff development, and in 2019 when it received the Princess Royal Training Award.

Nearly all staff have engaged well and benefited from the college's strong commitment to continuous professional development, and this positive impact is evident in the excellent learner success outcomes and improved learner survey results. Fundamental to the process is each teacher undertaking a self-assessment of their performance against key performance criteria. This in turn leads to a teaching profile that indicates bespoke areas for staff development. Attendance at staff development is high and after a period of implementation, self-assessment is undertaken once again.

The College's Teaching and Learning Team provide excellent support and tailored training to new members of staff, PGCE students and those teaching staff who need support with aspects of their work. Excellence in teaching is highly valued and celebrated through an annual teaching and learning award ceremony.

### **Health and Wellbeing of Learners**

The College is committed to providing a healthy environment to improve the wellbeing of all students and staff.

The college raised the profile of wellbeing and mental health in response to growing demands. Induction, tutorial and promotional activities have been effective in raising learners understanding of wellbeing, and have reflected the priority given to keeping learners safe and promoting wellbeing through the "5 ways to wellbeing" message.

The College has implemented an excellent 'Respect' campaign to promote an ethos of tolerance, equality and diversity across all campuses. The campaign has effectively raised awareness among learners and staff through a wide range of media and activities that are prominently displayed throughout the campuses.

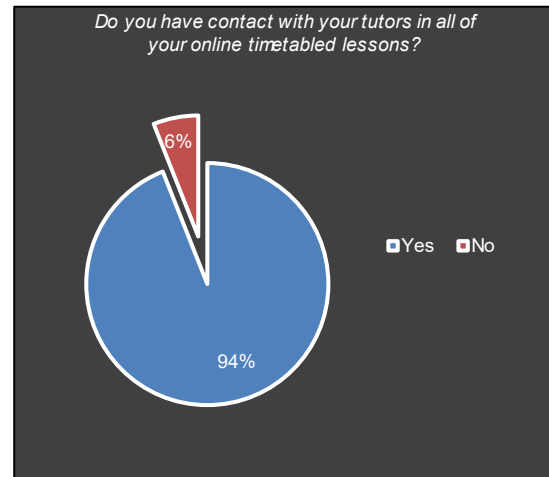
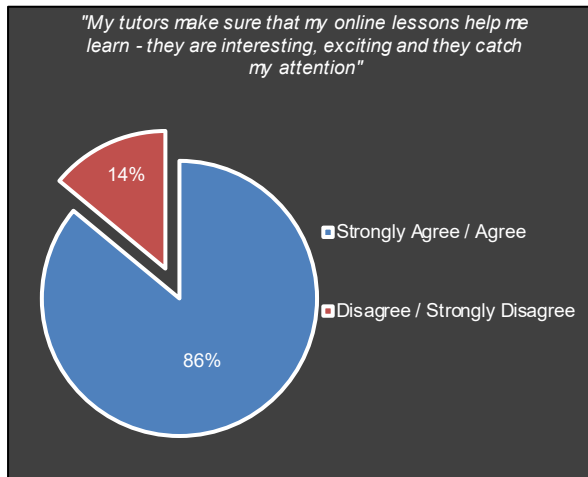
Effective arrangements are in place to safeguard children and vulnerable adults underpinned by clear policies and procedures. Safeguarding contacts are in place across all campuses and staff and students are aware of referral processes.

### **Learner Voice (Further Education)**

In 2020/21, the focus of the annual learner voice survey was to gauge learner perception of online/blended teaching and learning. Overall, learners' perception was positive with most learners (94%) reporting that teachers maintained contact with them during their online timetabled lessons, and many (86%) reported that teachers delivered innovative strategies which maintained their interest, attention and engagement in lessons.

# COLEG SIR GÂR

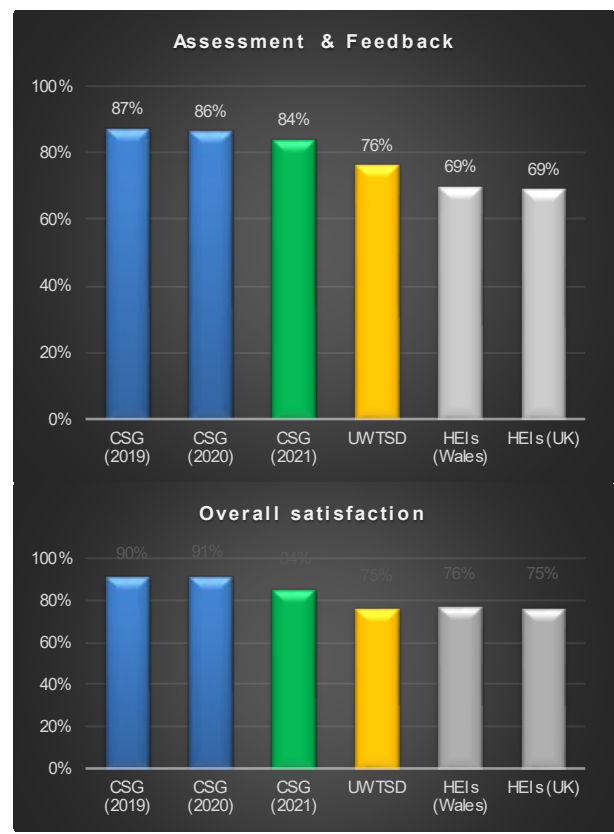
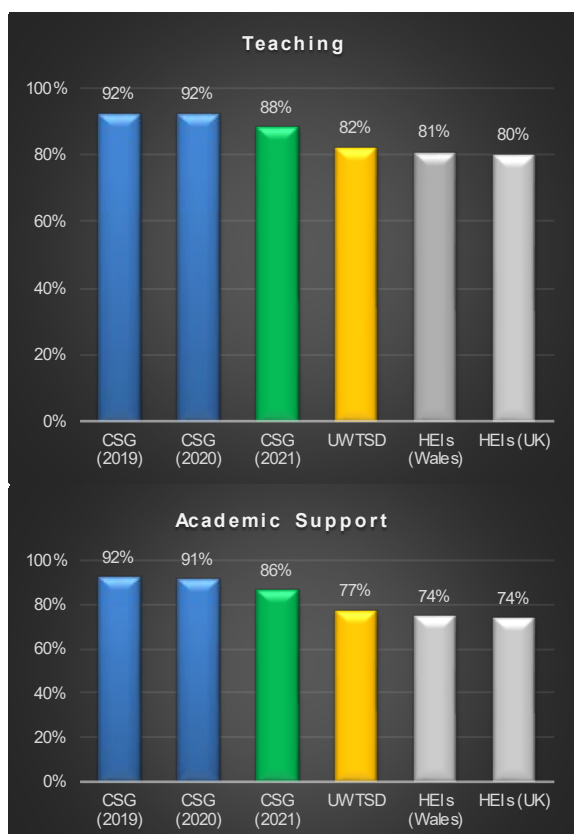
## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021



### Learner Voice (Higher Education)

Over many years, higher education students in their final year of study have continued to provide excellent feedback in regard to their teaching, learning and overall experiences in College (National Student Survey). Unlike any other year, higher education students experienced an extraordinary academic year in 2020/21 with the majority (if not all) of their teaching and learning being undertaken remotely and online due to the impact of the Covid-19 pandemic.

The College achieved the lowest response rate and levels of student satisfaction across all aspects of the NSS survey in its history this year. The UWTSD, Welsh HEIs and the National HE sectors also saw a significant decrease in student satisfaction as a direct result of the pandemic. However, student satisfaction at Coleg Sir Gar remains above the UWTSD, HEI Sector averages in Wales and the UK across all categories of the survey.



# **COLEG SIR GÂR**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021**

### **Capital Investment and Accommodation (Coleg Sir Gâr only)**

Although there were no major building projects or acquisitions during the year, there has been a significant amount capital investment in relation to buildings maintenance, plant, equipment and IT expedited at the college for during 2020/21. Thanks to specific additional funding provided to support the college during the very challenging Covid pandemic, circa £ £650,000 was spent on buildings maintenance, and circa £350,000 on IT infrastructure and approximately £470,000 on additional IT equipment to support digitalisation and on line working.

### **The Future**

The College sees a strong future for itself as part of the merged University of Wales: Trinity Saint David ("UWTSD") group and has made a commitment to continuing to offer a strong further education provision across the county.

A number of key challenges face the College over the next few years, including:

- Improving in learner outcomes
- Developing the college as a centre of excellence for teaching and learning
- Meeting the challenges of 'Digital 2030'
- Meeting the requirements of the ALN Bill
- The development of the Welsh Baccalaureate Qualification at Level 3
- Developing more Welsh medium provision
- Realising the benefits from merger for learners, staff and the wider community
- Maintaining a diversified curriculum portfolio across a range of sectors
- Developing more commercial training
- Developing strategies to cope with pressures in public funding
- Improving, rationalising and developing its estate in partnership with UWTSD and the County Council

### **Principal Risks and Uncertainties**

The College operates a strong risk management and internal control framework as described in the corporate governance statement below. This is supported by a specific risk management programme.

The Audit and Risk Management committee undertakes a comprehensive review of all the potential risks facing the College, which are then recorded on the College's risk register and scored in accordance with a set matrix which identifies the likelihood or probability of these risks occurring, and the potential impact on the College if they materialise. The committee must then identify systems, procedures and controls which can be put in place to mitigate the risks in order to reduce the risks to a manageable or acceptable level.

Risk management is a topic covered at each meeting of the Audit and Risk Management committee, which reports its findings periodically to the Board.

An annual review is undertaken to ensure the effectiveness of the risk management system and any weaknesses identified are corrected.

Outlined below are some of the principal risks facing the College for the foreseeable future. Not all of the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

### 1. Reduction in real terms of government funding

The College relies on government funding, and the current climate is such that there are continuous pressures on this income stream.

This risk is mitigated in a number of ways:

- Concerted effort, drive and focus on creating a more diversified income base;
- Specific focus on quality to ensure a high standard of delivery in all education and training endeavours;
- Maintaining the intake of higher education students. The College already offers a significant higher education provision;
- Working closely with the UWTSD group and Coleg Cerdigion to harmonise operations and remove duplication with a view to reducing costs;
- The operation of a Business Development Unit which has a primary objective of building a sustainable commercial income stream that is not reliant on government funding;
- Focusing on priority sectors which are likely to continue to attract public funds;
- Growing and developing the College's work-based learning provision; and
- Building partnerships with schools and business.

### 2. Failure to recruit and retain students

Demographics and a changing environment in which competition is perceived to be intensifying will invariably make it more difficult to recruit and maintain student numbers. This could have an impact on all areas of funding.

The risk is mitigated as follows:

- Partnership working with schools;
- Focused marketing effort;
- Diversified income streams;
- Partnership with local businesses and other relevant bodies;
- Ensuring high quality delivery of education and training;
- Learner support structures to ensure learners are supported for the whole journey;
- Focus on progression through the levels.

### 3. COVID – Pandemic

A national problem that can impact on all aspects of the college operation including exacerbating the risks highlighted in 1 & 2 above. Significant measures have been implemented in line with Government guidance and in particular guidance received from the Education arm of Welsh Government. The college will continue to monitor and manage the risk in line with the prescribed guidance. A variety of measures have been implemented to ensure the effective and efficient continuity of operations during this particularly acute and challenging crisis.

### Key Performance Indicators

The College is pleased to confirm that the target of breakeven before defined benefit obligation costs has been more than achieved with an actual outturn before non-cash defined benefit obligation costs of £ 2,748,000 surplus (19/20: £666,000 surplus). The surplus for the year after defined benefit obligation costs is £528,000 (deficit of £1,257,000 in 19/20), with non-cash adjustments being £2,220,000 (19/20: £1,923,000).

# COLEG SIR GÂR

## STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

Student numbers remained relatively buoyant for the year, but total FE full time numbers were slightly less than was achieved in the prior year. This was mainly due to local area demographics and potentially Covid.

The College continues to achieve high standards of quality for its teaching and learning function, and received a good Estyn report in at the last inspection. Similarly, National Student Survey reports normally indicate a high level of student satisfaction, but due to the pandemic, the college experienced inevitable drops during this period.

This report was approved by the board on the 9<sup>th</sup> December 2021 and was signed on behalf of the board by:



Signature .....

Date: 9<sup>th</sup> December 2021.....

**Maria Stedman**  
**Director**



# COLEG SIR GÂR

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

The directors present their report and the audited financial statements of the Company for the year ended 31st July 2021.

### Results and future developments

The results for the year, strategy and future developments of the Company are set out in the Strategic Report on pages 4 to 15.

### Dividends

The Company is limited by guarantee. No dividends have been paid or are recommended for the year ended 31st July 2021.

### Professional advisers

External auditor:	KPMG LLP, Cardiff
Internal auditors:	Mazars LLP, Bristol
Banker:	Barclays Bank Plc, Llanelli
Solicitor:	Eversheds, Hepworth & Chadwick, Cardiff

### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

<u>Directors</u>	<u>% attendance at meetings</u>
Mrs Maria Stedman *#(Chair )	100 %
John Edge*#	100 %
Mr Huw Davies*#	100 %
Mrs Jayne Woods *#	100 %
Geraint Roberts*#	100 %
Eifion Griffiths*#	75 %
Mr Paul Jones*#	100 %
Mr Delwyn Jones*#	100 %
Mr Eoghan Powell *#(appointed 12/12/2019)	75 %
Mr Hywel Jones *#(resigned 15/04/21)	33 %
Mat Cooling *#(resigned 04/03/21)	100 %
Erica Cassin *#(appointed 10/12/20)	100 %
Angharad Harding*#(appointed 10/12/2020)	50%
Bryony Evett-Hackford *#	100 %
Marion Phillips *#	50 %
Cian Morgan*#(appointed 10/12/20)	100 %
Andrew Cornish *# (Principal)	100 %

(\* non – executive directors)  
(# Trustees)

# COLEG SIR GÂR

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

### (continued)

#### Directors' indemnities

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year, and remains in force as at the date of signing of these financial statements.

#### Payment performance

The College follows the Better Payments Practice Code in dealing with its suppliers. The four key principles of the code are:

- agree payment terms at the outset of a deal and stick to them;
- explain the payment procedures to suppliers;
- pay bills in accordance with any contract agreed with the supplier, or as required by law; and
- inform suppliers without delay when an invoice is contested and settle quickly on receiving a satisfactory response.

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. The College's performance in paying its suppliers during the year to 31 July 2021 was as follows:-

	2021	2021	2020	2020
	No	£000	No	£000
Total Invoices Received	4,465	16,371	6,215	20,339
Paid on time	3,143	14,757	4,352	17,841
% of total invoices received	71%	90%	70%	88%
Trade Creditors at 31 July - (Note 16)		1,852		1,285
		41 days		23 days

The College incurred no interest charges under The Late Payment of Commercial Debts (Interest) Act 1998.

#### Estate developments

The College regularly invests in the maintenance of the estate with planned annual programmes of maintenance carried out during the summer months. Annual budgets include an allocation for such works. No significant capital projects were undertaken in 20/21.

# COLEG SIR GÂR

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021 (continued)

### Equal opportunities

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College's Strategic Equality Plan, although applying generally to employees, has equal relevance to disabled persons as the College would provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

### Stakeholder relationships

The College has many stakeholders. These include, but are not limited to:

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (LEPs);
- The local community;
- Other FE institutions;
- Trade unions; and
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through meetings and the College's internet site.

### Staff and student involvement

The College systematically provides employees and staff with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The committee structure provides the formal communication links with representation as appropriate from different staff employment categories and students. Employee and student involvement in the College is encouraged, as achieving a common awareness on the part of all employees and students of the financial and economic factors affecting the College plays a major role in the decision making process.

### Statement of directors' responsibilities

The members of the Board of Directors are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Board of Directors of the College, the Board of Directors, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, the Accounts Direction for Further Education Colleges in Wales and the UK's Generally Accepted Accounting Principles, and which give a true and fair view of the state of affairs of the College and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the Board of Directors is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

# COLEG SIR GÂR

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 JULY 2021 (continued)

- Assess whether the college is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation

The Board of Directors are also required to prepare a Directors Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the College.

The Board of Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the College and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College's website is the responsibility of the Board of Directors of the College; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Board of Directors are responsible for ensuring that expenditure and income are applied for the purposes intended by the Welsh Government and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Welsh Government are used only in accordance with the Financial Memorandum with the Welsh Government and any other conditions that may be prescribed from time to time. Members must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Board of Directors are responsible for securing economical, efficient and effective management of the College's resources and expenditure so that the benefits that should be derived from the application of public funds from the Welsh Government are not put at risk.

#### Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1<sup>st</sup> August 2020 to 31<sup>st</sup> of July 2021 (and prior year) :

	<u>Current year</u>	<u>Prior year</u>
Energy consumption to calculate emissions (kwh)	3,935,210	4,657,030
<u>Scope 1 emissions in metric tonnes Co2e</u>		
Gas	566	634
Owned transport	5	45
<u>Total scope 1</u>	<u>571</u>	<u>679</u>
<u>Scope 2 emissions in metric tonnes Co2e</u>		
Electricity	243	361
<u>Scope 3 emissions metric tonnes Co2e</u>		
Business travel employee owned vehicles	12	45
<u>Total Gross emissions in tonnes Co2 e</u>	<u>826</u>	<u>1085</u>
<u>Intensity ratio tonnes Co2e per student</u>	<u>0.170</u>	<u>0.148</u>

# COLEG SIR GÂR

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021 (continued)

### Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's conversion factors for Company Reporting

### Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes Co2e per pupil, the recommended ratio for the sector.

### Measures taken to improve energy efficiency

Smart metres are installed across all sites. Solar panels have been installed on 3 of our largest campuses which significantly reduce purchased electricity. Energy saving lightbulbs are installed wherever and whenever possible and staff travel is reduced due to a focus on conducting meetings virtually using software such as Teams or Google meet.

### Directors statement of compliance with duty to promote the success of the College

#### Engaging with our stakeholders (section 172 (1) statement)

The Board of Directors have a duty to promote the success of the Group for the benefit of its members as a whole having regards to the interests of our stakeholders (no shareholders as the company is limited by guarantee), our students, Welsh Government, our clients, our employees, our relationships with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of quality, care and business conduct.

Our key stakeholders are our students, Welsh Government, our clients, local businesses, our employees and the communities within which we operate. Our suppliers and regulators are also important stakeholder groups. All key Board decisions consider the impact on relevant stakeholders. Increasingly, stakeholders are looking to understand our performance across multiple areas from performance to services, community engagement, innovation, governance, workplace practices and corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of different stakeholder groups do not align, the Board must decide on the best course of action to promote the company's long-term success.

#### Our students

Our students are at the heart of our business and operations. We aim to deliver the best possible standards of education and training as well as a safe, exciting and modern environment to study within coupled with the best possible experience during their time at the college.

#### Employees

As a service organisation, our employees are key to our business. We want our employees to feel engaged and empowered to deliver great outcomes for our students and indeed all our stakeholders. Staff wellbeing is particularly important to the college and as such we have a college wellbeing manager in post to specifically address both the student and staff wellbeing agenda. There are significant support mechanisms within the college to deal with any concerns that staff may have, and there is regular opportunity for supported professional development open to all who wish to apply. The college works closely with all staff unions to ensure the needs and concerns of staff are

# **COLEG SIR GÂR**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 JULY 2021 (continued)**

addressed and prides itself on having a very strong , collaborative and mutually beneficial relationship in this regard. Staff members also have a representative on the Board of Directors

#### **Regulators**

The college, being a Further Education Institution, works very closely with Welsh Government who are the principal funding body for the majority of the college grant income. Regular qualitative and financial reports are submitted regularly and success is dependent on an open, robust and reciprocal relationship.

The college as a company and charity, also reports via Companies House and the Charity commission.

#### **Suppliers**

A strong relationship with Suppliers is essential to ensure the continuity of our operations and thus our ability to service our stakeholders to the highest possible standards. This would include suppliers of product and services across our 5 campuses. We aim to treat our suppliers fairly and pay them within agreed timescales, if not sooner, and always conduct ourselves professionally and to the highest possible standards. We work closely with our suppliers to ensure that they have effective controls in place to protect our students (and stakeholders if applicable) ' health and safety' and the security and privacy of their data.

#### **Communities and environment**

We play an active role in the communities in which we operate and take care of the environment. We evaluate the business risks and opportunities associated with climate change, closely managing our environmental impact and actively promoting positive environmental practices.

#### **Employee Involvement and Disabled Employees**

The company continues to keep employees informed of matters affecting them and the financial and economic factors affecting the performance of the company. This is achieved through consultations/training sessions, a staff gateway which is continually updated, email, newsletters and social media. Applications for employment by disabled persons are given full and fair consideration. In the event of employees becoming disabled and being unable to continue within the existing role, every effort is made to retrain them in order that their employment with the college may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees at all times.

#### **Political contributions**

Neither the Company nor its subsidiary made any political donations or incurred any political expenditure during the period (2020 – donations £nil).

#### **Other Information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 4 – 15.

#### **Statement of disclosure of information to auditors**

Each of the persons who were directors at the time when the Directors' Report was approved has confirmed that, so far as the directors are aware, there is no relevant audit information (i.e. information needed by the company's auditor in connection with preparing their report), of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditor is aware of that information.

# **COLEG SIR GÂR DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021 (continued)**

## **Independent auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the Board on the 9<sup>th</sup> December 2021 and was signed on behalf of the Board by:



.....

Mrs Maria Stedman  
Director

Date: 9<sup>th</sup> December 2021

# **COLEG SIR GÂR**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

The Company is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the Company has applied the principles set out in the Code of Good Governance for Colleges in Wales, as issued by Colegau Cymru (Colleges Wales). Its purpose is to aid users of the financial statements to understand how the principles have been applied.

In the opinion of the directors, the Company complies with all of the mandatory provisions of the code so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2021 and up to the date of this report.

### ***The Board of Directors***

The members of the Board of Directors are listed on page 16. It is the responsibility of the directors to bring independent judgement to issues of strategy, performance, resources and standards of conduct. The Company recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Board is provided with regular and timely information on the overall financial performance of the Company, together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board meets four times a year.

The Company conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Board. These committees are Search and Governance (covers Remuneration); Learner Curriculum and Skills; Standards; Resources and Business Engagement; and Audit and Risk Management.

The committees are comprised of directors and other advisory body members chosen via the search and governance committee which is comprised entirely of directors - for the knowledge, skills and experience that they bring to the respective committee. For the avoidance of doubt, the advisory body members are not directors of the Company. All decisions taken by the committees have to be subsequently formally approved by the Board.

The committees serve on an advisory basis and report directly to the Board of Directors. As a minimum, the chair of each committee will be a serving director. Details of the composition of each committee are noted under the respective heading below. Formal agendas, papers and reports are supplied to committee members and directors in a timely manner, prior to meetings. Briefings are also provided on an ad-hoc basis.

The Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Company considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman (a non-executive director) and Principal (an executive director) are separate.

### ***Appointments to the Board of Directors***

Any new appointments to the Board are a matter for the consideration of the Board as a whole. The Search committee is responsible for the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

### ***Search and Governance committee***

Throughout the year ended 31 July 2021, the Institution's Search committee comprised four members of the Board of Directors. The committee's responsibilities are to make recommendations to the Board on the selection of directors and advisory body committee members, and on matters of governance; and determines the remuneration and conditions of employment of senior post holders,



# **COLEG SIR GÂR**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

including the Principal. Details of remuneration for the year ended 31 July 2021 are set out in note 6 to the financial statements.

### ***Audit and Risk Management committee***

The Audit and Risk Management committee is comprised of seven members. The committee operates in accordance with written terms of reference approved by the Board.

The Audit and Risk Management committee meets on a termly basis and provides a forum for reporting by the Institution's internal and financial statement auditors, who have access to the committee for independent discussion without the presence of Institution management. The committee also receives and considers reports from WG as they affect the Institution's business.

The Company's internal auditor monitors the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the Audit and Risk Management committee.

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit and Risk Management committee also advises the Company on the appointment of internal and financial statement auditors, and their remuneration for both audit and non-audit work.

### ***Resources and Business Development committee***

The Resources and Business Development committee is comprised of eight members. The committee operated in accordance with written terms of reference approved by the Board.

The committee meets on a termly basis to review all aspects of planning and resource utilisation in the Company. This would include budgeting, management and financial accounts, treasury and investments, human resources, and estates development and maintenance.

### ***Learner, Curriculum and Skills (and Standards) committee.***

The Learner, Curriculum and Skills along with the Standards committee is comprised of eight members. The committees operated in accordance with written terms of reference approved by the Board.

The committees meets on a termly basis to review all aspects of curriculum provision, delivery and performance in the Company.

### ***Internal control***

#### **Scope of responsibility**

The directors are ultimately responsible for the Institution's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the Principal for maintaining a sound system of internal control that supports the achievement of the Institution's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Financial Memorandum between Coleg Sir Gâr and WG. The Principal is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

# **COLEG SIR GÂR**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

### ***Internal control (continued)***

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Institution policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Coleg Sir Gâr for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Board reviewed the key risks to which the Institution is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Institution's significant risks that has been in place for the year ending 31 July 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

#### **The risk and control framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board;
- Regular reviews by the advisory committee and board of periodic and annual financial reports, which indicate the financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines; and
- The adoption of formal project management disciplines, where appropriate.

Coleg Sir Gâr engages a firm of professional auditors to provide an internal audit service, which operates in accordance with the requirements of WG. The work of the internal audit service is informed by an analysis of the risks to which the Institution is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board on the recommendation of the audit and risk management committee. The internal auditor provides the governing body with a report on internal audit activity in the institution at least once each year. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the Institution's system of risk management, controls and governance processes.

# **COLEG SIR GÂR**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

### **Review of effectiveness**

The Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditor;
- the work of the executive managers within the Institution, who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the Institution's financial statements auditor and WG's auditor in their management letters and other reports.

The Principal has been advised on the implications of the result of their review of the effectiveness of the system of internal control by the Audit and Risk Management committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit and Risk Management committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Management committee's role in this area is confined to a high level review of the arrangements for internal control. The Board's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit and Risk Management committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Board carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2021.

Based on the advice of the Audit and Risk Management Committee and the Principal, the Board is of the opinion that the Company has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

### **Statement on regularity, propriety and compliance**

The Governing Body has considered its responsibility to notify the Welsh Government of material irregularity, impropriety and non-compliance with the terms and conditions of funding, under the financial memorandum and contracts in place between the College and the Welsh Government. As part of our consideration we have had due regard to the requirements of the financial memorandum and contracts with the Welsh Government.

We confirm on behalf of the Governing Body, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the college's financial memorandum and contracts with the Welsh Government.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Welsh Government.

# **COLEG SIR GÂR**

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Directors are of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). Consequently, the Directors have prepared the financial statements on a going concern basis.

By order of the Board



Mrs Maria Stedman

Director

Date: 9<sup>th</sup> December 2021

# COLEG SIR GÂR

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG SIR GÂR; REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Coleg Sir Gar ("the College") for the year ended 31 July 2021 which comprise the Income and Expenditure Account, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the College in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the College or to cease their operations, and as they have concluded that the College's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the College's business model and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the College will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the Audit and Risk Committee as to the College's high-level policies and procedures to prevent and detect fraud and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Directors and Audit and Risk Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

# COLEG SIR GÂR

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG SIR GÂR; REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

As required by auditing standards we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from tuition fees and education contract income and revenue grants income is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the College-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted by individuals who typically do not make journal entries, revenue or cash journals made to unrelated accounts and unbalanced journal entries.
- Inspecting cash receipts in the period prior to and following 31 July 2021 to verify tuition fee and other operating income had been recognised in the correct accounting period.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

As the College is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The College is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, charities legislation, pensions legislation and specific disclosures required by further education related legislation, including the Accounts Direction for Further Education Colleges in Wales issued by Welsh Government and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the College is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

The directors are responsible for the other information, which comprises the strategic report, directors' report, the statement of governance and internal control and the statement of regularity,

# **COLEG SIR GÂR**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG SIR GÂR; REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

propriety and compliance. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report, directors' report, the statement of governance and internal control and, statement of regularity, propriety and compliance for the financial year is consistent with the financial statements; and
- in our opinion the strategic report and directors' report have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 18. the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the College'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 they either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).<sup>1</sup>

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We are required to report on the following matters under the Further Education Audit Code of Practice 2015 (effective 1 August 2014) issued by the Welsh Government under the Learning and Skills Act 2000. In our opinion, in all material respects:

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<sup>1</sup> The format of our audit report is as set out here and so includes this web link. Do **not** in the audit report replace this sentence with the lengthy description of auditor responsibilities that is on the Financial Reporting Council's website.



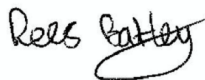
# **COLEG SIR GÂR**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLEG SIR GÂR; REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

- monies expended out of Welsh Government grants and other funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation;
- income has been applied in accordance with the Financial Memorandum between the Welsh Government and further education institutions; and
- the financial statements meet the requirements of the Accounts Direction for Further Education Colleges in Wales 2020/21 issued by Welsh Government.

### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the College's member, 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 College's member those matters we are required to state to them in an auditor's 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 College and its member for our audit work, for this report, or for the opinions we have formed.



**Rees Batley (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
66 Queen Square  
Bristol  
BS1 4BE

13 December 2021



# COLEG SIR GÂR

## COLLEGE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £000	2020 £000
<b>Income</b>			
Funding body grants	1	27,598	22,546
Tuition fees and education contracts	2	5,348	5,997
Other income	3	7,490	6,909
Investment income	4	5	27
<b>Total income</b>		<b>40,441</b>	<b>35,479</b>
<b>Expenditure</b>			
Staff costs	5	23,435	23,064
Fundamental restructuring costs	5	46	-
Other operating expenses	7	13,671	11,347
Depreciation	11	2,290	1,937
Interest and other finance costs	9	513	413
<b>Total expenditure</b>		<b>39,955</b>	<b>36,761</b>
Surplus/(Deficit) before other gains and losses		486	(1,282)
(Loss)/gain on disposal of fixed assets		4	11
Gain/(Loss) on investments		38	14
Surplus(Deficit) before tax		528	(1,257)
Taxation		-	-
Surplus/(Deficit) for the year		528	(1,257)
Actuarial gain/ (loss) in respect of pension schemes	21	4,626	(10,731)
<b>Total Comprehensive Income for the year</b>		<b>5,154</b>	<b>(11,988)</b>
Represented by :			
Unrestricted comprehensive income		5,154	(11,988)
Restricted comprehensive income			-
		<b>5,154</b>	<b>(11,988)</b>

All amounts are derived from continuing operations.

The accompanying notes are an integral part of the Financial Statements

# COLEG SIR GÂR

## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDING 31 JULY 2021


	Income and Expenditure account	Revaluation reserve	Endowments	Total
		£000	£000	£000
<b>Balance at 31<sup>st</sup> July 2019</b>	<b>(2,951)</b>	<b>8,532</b>	<b>19</b>	<b>5,600</b>
(Deficit) from the income & expenditure account	(1,257)	-	1	(1,256)
Other comprehensive income	(10,731)	-	-	(10,731)
Transfers between revaluation and income & expenditure reserves	192	(192)	-	-
<b>Movement</b>	<b>(11,796)</b>	<b>(192)</b>	<b>1</b>	<b>(11,987)</b>
<b>Balance at 31<sup>st</sup> July 2020</b>	<b>(14,747)</b>	<b>8,340</b>	<b>20</b>	<b>(6,387)</b>
Surplus/(Deficit) from the income & expenditure account	528	-	3	531
Other comprehensive income	4,626	-	-	4,626
Transfers between revaluation and income & expenditure reserves	192	(192)	-	-
<b>Movement</b>	<b>5,346</b>	<b>(192)</b>	<b>3</b>	<b>5,157</b>
<b>Balance at 31<sup>st</sup> July 2021</b>	<b>(9,401)</b>	<b>8,148</b>	<b>23</b>	<b>(1,230)</b>


# COLEG SIR GÂR

## BALANCE SHEET AS AT 31 JULY 2021

	Notes	2021 £000	2020 £000
<b>Non-current assets</b>			
Intangible fixed assets	10	-	-
Tangible fixed assets	11	31,821	31,615
Investments	12	303	265
<b>Total fixed assets</b>		<b>32,124</b>	<b>31,880</b>
<b>Current assets</b>			
Stocks	14	154	212
Trade and other receivables	15	2,968	4,635
Investments	13	18	16
Cash and cash equivalents		12,813	7,288
<b>Total current assets</b>		<b>15,953</b>	<b>12,151</b>
<b>Less: Creditors: amounts falling due within one year</b>	16	<b>(8,940)</b>	<b>(7,993)</b>
<b>Net current assets</b>		<b>7,013</b>	<b>4,158</b>
<b>Total assets less current liabilities</b>		<b>39,137</b>	<b>36,038</b>
<b>Less: Creditors: amounts falling due after more than one year</b>	17	<b>(11,553)</b>	<b>(11,371)</b>
<b>Less: Provisions</b>			
Defined benefit obligation	21	(27,681)	(30,087)
Other provisions	18	(1,133)	(967)
<b>Total net assets</b>		<b>(1,230)</b>	<b>(6,387)</b>
<b>Restricted reserves :</b>			
Income and expenditure reserve - Endowment reserve	20	23	20
<b>Unrestricted reserves :</b>			
Income and expenditure reserve - unrestricted		(9,401)	(14,747)
Revaluation reserve		8,148	8,340
<b>Total unrestricted reserves</b>		<b>(1,253)</b>	<b>(6,407)</b>
<b>Total reserves</b>		<b>(1,230)</b>	<b>(6,387)</b>

The financial statements on pages 32 to 62 were approved and authorised for issue by the Board on the 9<sup>th</sup> December 2021 and were signed on its behalf on that date by:

Chair:   
 Date : 9<sup>th</sup> December 2021  
 Mrs Maria Stedman

Director:   
 Date: 9<sup>th</sup> December 2021  
 Mr Andrew Cornish

Company registration no.: 8539630  
 Charity registration no.: 1152522

# COLEG SIR GÂR

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £000	2020 £000
Net cash inflow/(outflow) from operating activities	22	<b>5,656</b>	636
Cash flows from financing activities	23	<b>(263)</b>	(273)
Cash flows from investing activities	24	<b>132</b>	828
(Decrease)/Increase in cash and cash equivalents in the period		<b>5,525</b>	1,191
Cash and cash equivalents at 1 August	25	<b>7,288</b>	6,097
Cash and cash equivalents at 31 July	25	<b>12,813</b>	7,288

# **COLEG SIR GÂR**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR ENDED 31 JULY 2021**

### **Basis of preparation**

Coleg Sir Gâr is a company limited by guarantee and incorporated and domiciled in the United Kingdom.

These financial statements have been prepared in accordance with the Companies Act as adapted to the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102), the Companies Act 2006 and with the applicable WG Circular (2020-21). Coleg Sir Gâr is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations of certain fixed assets as deemed cost at transition to FRS 102 as at 1 August 2014. The accounting rules set out below have been applied consistently.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, the Directors are of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period). Consequently, the Directors have prepared the financial statements on a going concern basis.

### **Recognition of income**

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. The recurrent grants from Welsh Government represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Income from tuition fees is stated gross and recognised in the period for which it is received and includes all fees payable by students or their sponsors. Where the amount of tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2021 (continued)

### Recognition of income (continued)

Income from Grants ,contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Non-recurrent grants from the Welsh Government or other government bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets under the accrual method as permitted by FRS 102.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

### Accounting for post-employment benefits

Post-employment benefits to employees of the College are provided by The Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised as an actuarial movement in other comprehensive income. Actuarial gains and losses on liabilities are also recognised immediately in other comprehensive income.

### Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2021 (continued)

### Enhanced pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

### Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

#### (a) Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of between ten and fifty years. Leasehold land and buildings are depreciated over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

Assets in the course of construction are not depreciated until the College has full use of the asset, at which time they are depreciated in accordance with the policy stated above.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1998, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. An annual review of impairment indicators is carried out annually at the financial statement reporting date.

#### (b) Equipment (including fixtures and fittings)

Equipment costing less than £3,000 per individual item is written off to the income and expenditure account in the period of acquisition. Grouped items, which are in aggregate above the threshold but individually under, will be reviewed specifically to determine the approach. All other equipment is capitalised at purchase cost. Equipment inherited from the Local Education Authority has not been included in the balance sheet, as it was their policy to charge the full purchase cost of the asset to the income and expenditure account in the year of acquisition.

Equipment is depreciated over its useful economic life as follows:

General equipment	5% - 25 % per annum
Computer equipment	20% - 33 % per annum
Fixtures and fittings	10% - 25 % per annum

# **COLEG SIR GÂR**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2021 (continued)**

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

### **Intangible fixed assets**

The College has acquired a number of milk quotas for use in conjunction with the College's farming activities. The cost of the milk quotas has been classified as an intangible fixed asset. Milk quotas are amortised over a 10 year period on a straight-line basis.

### **Leased assets**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1<sup>st</sup> August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102, and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1<sup>st</sup> August 2014.

Leasing agreements which transfer to the College substantially all of the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright. These are capitalised at their fair value at the inception of the lease, and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

### **Investments**

Investments in subsidiaries are accounted for at cost less impairment in the financial statements.

Listed investments held as non-current assets and current asset investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value, estimated using a valuation technique.

### **Stocks**

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of three months or less from the date of acquisition.

### **Maintenance of premises**

The College has a ten-year rolling long-term maintenance plan which forms the basis of the ongoing maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the income and expenditure account as incurred.



# **COLEG SIR GÂR**

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2021 (continued)**

### **Financial assets, liabilities and equity**

Financial assets, liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

### **Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with the resulting exchange differences being taken to income or expenditure in the period in which they arise.

### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

The College's subsidiary company CCTA Enterprises Ltd is subject to corporation tax and VAT in the same way as any commercial organisation.

### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Livestock**

Livestock is treated as a fixed asset where it is intended for use on a continuous basis for the College's activities. Livestock is revalued on an annual basis with no depreciation charge being made. The movement between successive valuations is charged or credited to the income and expenditure account.

### **Agency costs**

The College acts as an agent in the collection and payment of financial contingency funds and educational maintenance allowances. Related payments received from Welsh Government and subsequent disbursements to students and institutions are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

### **Accounting for charitable donations and endowments**

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds.

# COLEG SIR GÂR

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES FOR THE YEAR 31 JULY 2021 (continued)

### Accounting for charitable donations (continued)

Income is retained within the restricted reserve until such time that any donor imposed restrictions attached to the donations and endowments are met at which time the income is released to general reserves through a reserves transfer. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and movements in fair value of endowments are recorded in income in the year in which they arise and as either restricted or unrestricted income according to the terms of the restrictions applied to the individual endowment funds.

There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective

### Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

#### *Other key sources of estimation uncertainty*

- **Tangible fixed assets**

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Funding body grants

	2021	2020
	£000	£000
Recurrent grant	22,520	17,905
Work based learning	2,824	3,126
Specific grants	1,046	561
Capital grants:		
Buildings	414	435
Equipment	794	519
	<b>27,598</b>	<b>22,546</b>

### 2 Tuition fees and education contracts

	2021	2020
	£000	£000
UK higher education students	3,893	4,406
UK further education students	46	114
Non-EU students	10	15
<b>Total tuition fees paid by or on behalf of individual students</b>	<b>3,949</b>	<b>4,535</b>
<b>Education contracts</b>		
Higher Education contracts	627	698
Other contracts	772	764
	<b>5,348</b>	<b>5,997</b>

### 3 Other income

	2021	2020
	£000	£000
Residencies and catering	161	581
Non-government capital grants	-	-
Farming activities	1,079	959
Other income-generating activities	1,113	1,286
Other grant income:		
European funds	2,113	2,044
Other funds	2,755	1,756
Other income	269	283
	<b>7,490</b>	<b>6,909</b>

### 4 Investment income

	2021	2020
	£000	£000
Interest receivable	5	27
	<b>5</b>	<b>27</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 Staff costs

The average number of persons (including key management personnel) employed by the College during the year, expressed as full-time equivalents, was:

	2021 Number	2020 Number
Teaching departments:		
Teaching staff	213	225
Other staff	22	22
	<b>235</b>	247
Teaching support services	16	15
Other support services	26	28
Administration and central services	103	91
Premises	20	20
Other income-generating activities	93	97
Catering and residences	-	-
Farm	10	8
	<b>503</b>	506
Based on an average Headcount basis : Teaching staff	319	343
Support Staff	342	349
Staff costs for the above persons:		
	2021 £000	2020 £000
Teaching departments		
Teaching staff	11,230	11,401
Other staff	593	572
	<b>11,823</b>	11,973
Teaching support services	523	497
Other support services	853	861
Administration and central services	3,983	3,615
Premises	577	551
Other income-generating activities	3,504	3,493
Catering and residences	-	-
Farm	264	269
Restructuring costs	46	-
Pension costs	163	237
FRS 102 (Section 28 –Pension Cost) adjustments	1,750	1,555
Holiday pay accrual	(5)	13
	<b>23,481</b>	23,064
	2021 £000	2020 £000
Wages and salaries	16,762	16,701
Social security costs	1,561	1,539
Other pension costs (including FRS 102 adjustments)	5,112	4,825
	<b>23,435</b>	23,064
Restructuring costs	46	-
	<b>23,481</b>	23,064

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5 Staff costs (continued)

The number of staff, including key management personnel (as defined in note 6), who received emoluments in the following ranges were:

	2021 Number	2020 Number
£60,001 - £65,000	2	1
£65,001 - £70,000	-	4
£70,001 - £75,000	-	2
£75,001 - £80,000	3	1
£80,001 - £85,000	2	-
£85,001 - £90,000	1	-
£125,001 - £130,000	-	1
£160,000 - £165,000	1	-
	<b>9</b>	<b>9</b>

A pay award of either 3.1 %, 8.48 %, 3.75 %, or 2.75 %, dependant on scale point (2020: 2.75 %) was approved by the Board and paid with effect from 1 August 2020 for all staff, with the exception of the Principal who received a pay increase of 26 % (2020: 0 %). For these purposes, emoluments include taxable benefits in kind but not employer pension costs.

### 6 Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, and vice principals.

The number of key management personnel, including the Principal, was 4 (2020: 4).

	2021 Number	2020 Number
£70,001 - £75,000	-	2
£75,001 - £80,000	-	1
£80,001 - £85,000	2	-
£85,001 - £90,000	1	-
£125,001 - £130,000	-	1
£160,001 - £165,000	1	-
	<b>4</b>	<b>4</b>

Key management personnel emoluments are made up as follows:

	2021 £	2020 £
Salaries	<b>417,616</b>	351,405
Benefits in kind	<b>2,881</b>	2,031
	<b>420,497</b>	353,436
Pension contributions	<b>88,138</b>	70,487
Total emoluments	<b>508,635</b>	423,923

The above emoluments include amounts payable to the Principal (who is also the highest paid member of the key management) of:

	2021 £	2020 £
Salaries	<b>160,651</b>	125,000
Benefits in kind	<b>2,881</b>	2,810
	<b>163,532</b>	127,810
Pension contributions	<b>38,042</b>	28,850
Total emoluments	<b>201,574</b>	156,660

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

The pension contributions in respect of the Principal and other senior post-holders are in respect of employer's contributions to the Local Government and Teachers Superannuation Schemes and are paid at the same rate as for other employees.

The Board members, other than the Principal and staff members, did not receive any payment from the College other than the reimbursement of travel and subsistence expenses of £0 (2020: £446) incurred in the course of their duties.

The Principal received a pay increase of circa 26 % (2020: 0%), but other higher paid staff (including key management personnel), received a pay increase of 2.75 % during the year (2020: 2.75%). In addition, key management personnel (note 6) received an additional salary increase equivalent to a further 13.25 % increase i.e 15 % in total for the year. No bonuses or other salary enhancements were awarded to key management personnel or other higher paid staff (2020: nil). The Principal's salary, as a multiple of the median of all employees pay (all full and part time staff but excluding agency workers) was 5.4 in 2021 (2020 : 4.5). Similarly, the multiple based on all emoluments was 5.5 in 2020 (2020 : 4.5).

The remuneration of the Principal is benchmarked on typical Further Education institutions of a similar size and complexity and reflects the challenges and magnitude of the role. Coleg Sirgar, combined with its' subsidiary company, Coleg Ceredigion, is a large company with a combined turnover of over £41 m with a staff headcount of over a 750, split across a very diverse area; indeed, crossing 2 counties : Carmarthenshire and Ceredigion. The task of managing the 7 sites, so widely dispersed, is complicated and challenging.

Key performance measures would include achieving the highest possible standards of quality in terms of our teaching and learning operation whilst providing an exciting, innovative and inclusive environment for students and staff to work within, and at all times to do so within the resources provided.

A constant challenge is to achieve efficiency of operations, combined with a drive to seek out and secure new sources of income where possible. This can only be achieved by working with all the college stakeholders, of which there are many, and ensuring a harmonious, collaborative and fair environment to all.

In addition, since the college is part of a wider group as a subsidiary of the University of Wales : Trinity Saint David, the Principal plays an important role in terms of working closely with the university to achieve mutually beneficial planned and agreed objectives, designed to create the highest level of teaching quality and learner experience whilst facilitating a lifelong learning culture and environment.

The Principal reports directly to the Board of Directors who are ultimately responsible for the performance of the college. The Directors also evaluate and assess the Principal's effectiveness in terms of managing the college and similarly, the remuneration package for the role.

The Directors have carried out an assessment with regards the Principal's salary and believe, that the salary is commensurate with the role at the college. To derive this conclusion, an assessment of the size, complexity, challenges and responsibility would have been undertaken, along with a benchmarking exercise of other FE colleges of similar size and complexity.

In the prior year, the Principal's salary was one the lowest in the sector and as such the increment awarded, whilst appearing substantial, realigns the level with similar positions throughout the sector in Wales and reflects the additional experience gained within the role ( last year the postholder had only been in place for 2 years).

Salaries of other key personnel excluding the Principal (i.e. Vice Principals) were increased based on responsibility ( as seconds and deputies for the Principal) and similar roles within the sector.

# COLEG SIR GÂR

## 7 Other operating expenses

	2021 £000	2020 £000
Teaching departments	750	812
Teaching support services – libraries & resource centres	62	51
- examination fees	593	488
- student transport	807	937
Other support services	20	37
Administration and central services	5,681	4,075
General education expenditure	266	335
Premises:		
Running costs	975	846
Routine maintenance	1,220	414
Rents and leases	165	145
Planned maintenance	-	-
Other income generating activities	4	15
Catering and residence operations	346	581
Farming activities	677	687
Franchised provision	993	1,102
Irrecoverable value added tax	1,112	822
	<b>13,671</b>	<b>11,347</b>

Other operating expenses include:

	£000	£000
Auditor's remuneration:		
Financial statements audit	32	31
Other services provided by the financial statements auditor (regulatory return services)	5	5
Internal audit	22	22
Registration fees	83	128
Hire of other assets – operating leases	156	161

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8 Costs in respect of overseas activities

The following costs were incurred during 2020-2021 in respect of overseas activities, which were carried out in accordance with the strategy approved by the governing body:

	Travel and Accommodation £	Subsistence Hospitality £	Other Costs £	Number of Visits
Members	-	-	-	-
Key management personnel	-	-	-	-
Other staff	-	-	-	-
	-	-	-	-

### 9 Interest and other finance costs

	2021 £000	2020 £000
On finance leases	43	45
Pension finance costs (see note 21)	470	368
	513	413

### 10 Intangible fixed assets

	Milk quota £000
<b>Cost</b>	
At 1 August 2020 and 31 July 2021	302
<b>Accumulated Amortisation</b>	
At 1 August 2020	302
Charge for the year	-
<b>At 31 July 2021</b>	<b>302</b>
<b>Net book value</b>	
<b>At 31 July 2021</b>	-
At 31 July 2020	-



# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 Tangible fixed assets

	Freehold land and buildings £000	Equipment £000	Fixtures and fittings £000	Livestock £000	Total £000
<b>Cost or valuation</b>					
At 1 August 2020	43,411	6,382	3,020	295	53,108
Additions	43	1,335	1,041	77	2,496
Revaluation	-	-	-	-	-
Disposals	-	(155)	(316)	-	(471)
<b>At 31 July 2020</b>	<b>43,454</b>	<b>7,562</b>	<b>3,745</b>	<b>372</b>	<b>55,133</b>
<b>Accumulated Depreciation</b>					
At 1 August 2020	14,173	5,195	2,125	-	21,493
Charge for the year	893	687	710	-	2,290
Eliminated on disposal	-	(155)	(316)	-	(471)
<b>At 31 July 2020</b>	<b>15,066</b>	<b>5,727</b>	<b>2,519</b>	<b>-</b>	<b>23,312</b>
<b>Net book value</b>					
<b>At 31 July 2021</b>	<b>28,388</b>	<b>1,835</b>	<b>1,226</b>	<b>372</b>	<b>31,821</b>
At 31 July 2020	29,238	1,187	895	295	31,615

#### Analysis of net book value at 31 July 2021

Inherited	8,148	-	-	-	8,148
Financed by capital grant	10,903	1,520	-	-	12,423
Other	9,337	315	1,226	372	11,250
	<b>28,388</b>	<b>1,835</b>	<b>1,226</b>	<b>372</b>	<b>31,821</b>

Land and buildings were revalued in 1998 at depreciated replacement cost by Cooke & Arkwright, a firm of independent chartered surveyors. On adoption of FRS 102, revalued properties have been treated as deemed cost. The analysis of cost or valuation of the tangible fixed assets as at 31 July 2021 is as follows:

#### Cost or valuation at 31 July 2021 represented by:

Valuation in 1998 (see above)	19,716	-	-	372	20,088
Cost	23,738	7,562	3,745	-	35,045
	<b>43,454</b>	<b>7,562</b>	<b>3,745</b>	<b>372</b>	<b>55,133</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 Tangible assets (continued)

#### Freehold land and buildings

	Occupied for own use £000	Investment properties £000	Properties under development £000	Total £000
<b>Cost or valuation</b>				
At 1 August 2020	43,411	-	-	43,411
Transferred in the year	-	-	-	-
Additions	43	-	-	43
Disposals	-	-	-	-
<b>At 31 July 2021</b>	<b>43,454</b>	<b>-</b>	<b>-</b>	<b>43,454</b>
<b>Accumulated Depreciation</b>				
At 1 August 2020	14,173	-	-	14,173
Charge for the year	893	-	-	893
Disposals	-	-	-	-
<b>At 31 July 2021</b>	<b>15,066</b>	<b>-</b>	<b>-</b>	<b>15,066</b>
<b>Net book value</b>				
<b>At 31 July 2021</b>	<b>28,388</b>	<b>-</b>	<b>-</b>	<b>28,388</b>
At 31 July 2020	29,238	-	-	29,238
<b>Analysis of net book value at 31 July 2021</b>				
Inherited	8,148	-	-	8,148
Financed by capital grant	10,903	-	-	10,903
Other	9,337	-	-	9,337
	<b>28,388</b>	<b>-</b>	<b>-</b>	<b>28,388</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 Non-current investments

	2021 College £000	2020 College £000
Investment in subsidiary company	-	-
Other non-current asset		
investments	303	265
	<b>303</b>	<b>265</b>

The College's investments are in the following subsidiaries:

Name of company	Holding	Country of Incorporation	Activity
Coleg Ceredigion	Limited by Guarantee	Wales	Further Education College
CCTA Enterprises Limited	100%	Wales	Dormant
Rareblend Limited	100%	Wales	Dormant

### Other non-current asset investments

	Listed investments £000	Other investments £000	Total £000
<b>Cost or valuation</b>			
At 1 August 2020	62	203	265
Additions	-	-	-
Revaluation	38	-	38
<b>At 31 July 2021</b>	<b>100</b>	<b>203</b>	<b>303</b>
<b>Cost or valuation at 31 July 2021 represented by:</b>			
Valuation	100	-	100
Cost	-	203	203
	<b>100</b>	<b>203</b>	<b>303</b>

### 13 Current investments

	2021 £000	2020 £000
<b>Endowment assets</b>		
Balance at 1 August	16	15
Increase in value of investments	2	-
Income for the year	-	1
Expenditure for the year	-	-
<b>Balance at 31 July</b>	<b>18</b>	<b>16</b>
Represented by:		
COIF Charities Investment Fund Holdings	18	16
	<b>18</b>	<b>16</b>

### 14 Stock

	2021 £000	2020 £000
Livestock for resale	143	198
Other stock	11	14
	<b>154</b>	<b>212</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15 Trade and other receivables

	2021 £000	2020 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	267	446
Amounts owed by group undertakings : subsidiaries	-	983
other	21	48
Prepayments and accrued income	2,680	3,158
	<b>2,968</b>	<b>4,635</b>

Note: Amounts owed by subsidiary undertakings are payable on demand but the current intention is that they will not be called in within one year. Other refers to the parent company UWTSD.

### 16 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Obligations under finance leases	176	268
Payments received in advance	3,648	3,196
Trade payables	1,109	775
Amount owed to group undertakings : subsidiary	-	642
Amount owed to group undertakings		
Other	350	123
Taxation and social security	393	387
Accruals and deferred income	2,056	1,648
Deferred income – government capital grants	1,208	954
	<b>8,940</b>	<b>7,993</b>

Note: Amounts owed to group undertakings are repayable on demand and do not accrue interest

### 17 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Bank loans and overdrafts	-	-
Obligations under finance leases	338	287
Deferred income - government capital grants	11,215	11,084
Total	<b>11,553</b>	<b>11,371</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17 Creditors: amounts falling due after more than one year (continued)

#### Finance leases

	2021 £000	2020 £000
The net finance lease obligations to which the institution is committed are :		
In one year or less	176	268
Between two and five years	338	287
In five years or more	-	-
	<b>514</b>	<b>555</b>

### 18 Other provisions

	Enhanced Pension Provision £000	ESF £000	Total £000
At 1 August 2019	748	219	967
Utilised in the period	(58)	-	(58)
Released in the period	-	-	-
Transferred from income and expenditure account	(5)	229	224
<b>At 31 July 2020</b>	<b>685</b>	<b>448</b>	<b>1,133</b>

The ESF provision relates to a potential repayment of European Funds in relation to the overhead methodology. The enhanced pension provision relates to staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. The provision has been recalculated in accordance with the latest LSC circular.

The principal assumptions for this calculation are:

	2021	2020
Interest rate	1.6 %	1.3 %
Net interest rate	2.6 %	2.2 %

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 19 Deferred income – capital grants

	2021 £000	2020 £000
Amounts falling due within one year	1,208	954
Amounts falling due after more than one year	11,215	11,084
	<b>12,423</b>	<b>12,038</b>

The movement in capital grants is as follows:

	WG £000	Other grants £000	Total £000
At 1 August 2020			
Land and buildings	8,695	2,578	11,273
Equipment	451	314	765
<b>Cash received</b>			
Land and buildings	43	-	43
Equipment	929	621	1,550
<b>Released to income and expenditure account</b>			
Land and buildings	(308)	(105)	(413)
Equipment	(494)	(301)	(795)
<b>At 31 July 2021</b>			
Land and buildings	8,430	2,473	10,903
Equipment	886	634	1,520
	<b>9,316</b>	<b>3,107</b>	<b>12,423</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20 Endowment reserves

Year ended 31<sup>st</sup> July 2021

	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	Total £000
Balance at 1 August 2020					
Capital	-	19	-	19	19
Accumulated interest	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>
Increase in market value of investments	-	4	-	4	4
Expenditure for the year	-	-	-	-	-
<b>Balance at 31 July 2021</b>					
<b>Capital</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>23</b>
<b>Accumulated interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>20</b>	<b>20</b>
Representing:					
Fellowship and scholarship funds	-	19	-	19	19
Prize funds	-	4	-	4	4
<b>Total</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>23</b>	<b>23</b>

Year ended 31<sup>st</sup> July 2020

	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	Total £000
Balance at 1 August 2019					
Capital	-	19	-	19	19
Accumulated interest	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>
Increase in market value of investments	-	1	-	1	1
Expenditure for the year	-	(1)	-	(1)	(1)
<b>Balance at 31 July 2020</b>					
<b>Capital</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>
<b>Accumulated interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>
Representing:					
Fellowship and scholarship funds	-	15	-	15	15
Prize funds	-	4	-	4	4
<b>Total</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>	<b>19</b>

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 Pension and similar obligations

The College's employees belong to two principal pension schemes, the Teachers Pension Scheme (TPS) which is unfunded and the Local Government Pension Scheme (LGPS) which is funded. Both are multi-employer defined benefit plans, the assets of the schemes being held in separate trustee-administered funds.

The total pension cost for the College was:

	2021 £000	2020 £000
TPS: Contributions paid	2,098	2,049
LGPS: Charge to the Statement of Comprehensive Income:		
Contributions paid	1,310	1,221
FRS 102 charge	2,220	1,923
Staff restructuring (see below)	45	118
<b>Total pension cost</b>	<b>5,673</b>	<b>5,311</b>
	2021 £000	2020 £000
<b>Staff restructuring</b>		
Benefits recharged during the year by the LGPS	58	59
Other staff restructuring costs	(13)	59
	<b>45</b>	<b>118</b>
	2021 £000	2020 £000
<b>Total Contributions to LGPS</b>		
Benefits recharged during the year by the LGPS	58	59
Employer normal contributions	1,310	1,221
	<b>1,368</b>	<b>1,280</b>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### LGPS (Local Government Pension Scheme)

The last full actuarial valuation was performed on 31 March 2019 at which date the market value of assets of the scheme was £2,576 million. The actuarial value of the assets represented 105% of the fund's accrued liabilities after allowing for future increases in earnings. This equates to a surplus of £132 m.

The main feature of the funding plan is that contribution rates should be assessed based on recovery of any deficit over a maximum period of 14 years. The primary contribution rate used is 18.2% (15.2 % in March 2016) of pensionable pay. The secondary rate is an offset of approximately £3.0 m per annum (£ terms) including estimated costs for the McCloud judgement where appropriate.

The agreed contribution rate for the College year commencing 1 April 2021 is 20% (2020: 16.1%), plus a fixed monthly payment of £0 (2020 : £121,800 per annum).



# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 Pension and similar obligations (continued)

An actuarial valuation of the scheme was also carried out at 31 July 2021, 31 July 2020 and at 31 July 2019 by a qualified independent actuary using the projected unit method. The major assumptions used by the actuary were:

	2021	2020	2019
Rate of inflation - CPI	<b>2.60%</b>	2.30%	2.20%
Rate of increase in salaries	<b>4.10%</b>	3.80%	3.70%
Rate of increase in pensions	<b>2.70%</b>	2.40%	2.30%
Discount rate	<b>1.60%</b>	1.60%	2.20%
Mortality			
1	<b>Years</b>	Years	Years
Retiring Today - Males	<b>23.1</b>	23.0	23.0
Retiring Today - Females	<b>25.0</b>	24.9	25.7
Retiring in 20 years' time - Males	<b>24.7</b>	24.5	25.2
Retiring in 20 years' time – Females	<b>27.2</b>	27.1	28.1

Asset allocation:

	2021	2020	2019
	<b>Split</b>	Split	Split
	<b>%</b>	%	%
Equities	<b>75.0</b>	71.7	71.4
Government bonds	<b>1.8</b>	4.4	4.8
Other bonds	<b>8.2</b>	9.6	10.2
Property	<b>10.4</b>	11.9	12.3
Cash	<b>4.6</b>	2.4	1.3
	<b>100.0</b>	100.0	100.0

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 Pension and similar obligations (continued)

The following amounts at 31 July 2021, 31 July 2020 and at 31 July 2019 were measured in accordance with the requirements of FRS 102:

	2021 £000	2020 £000	2019 £000
Fair value of plan assets	54,821	45,194	45,193
Liabilities	(82,502)	(75,281)	(62,626)
Deficit in the scheme/net pension liability	(27,681)	(30,087)	(17,433)

The following components of the pension charge have been recognised in the Statement of Comprehensive Income for the years ended 31 July 2021 and 31 July 2020:

	2021 £000	2020 £000
<b>Amounts recognised in the statement of Comprehensive Income :</b>		
<b>Amounts included in staff costs</b>		
Current service cost	(3,090)	(2,648)
Administration cost	(28)	(27)
Curtailment cost	-)	(160)
Operating cost	(3,118)	(2,835)
<b>Analysis of amounts charged to financing of provisions</b>		
Expected return on assets	729	1,003
Interest on pension liabilities	(1,199)	(1,371)
Net finance (cost)/income	(470)	(368)
<b>Amounts recognised in other Comprehensive Income</b>		
Difference between actual and expected return on scheme assets	8,175	(1,753)
Effects of changes in assumptions underlying the present value of scheme liabilities	(3,549)	(8,978)
Actuarial (loss)/gain	4,626	(10,731)
<b>Movement in the College's share of the scheme's deficit during the year</b>		
Deficit in scheme as at 1 August	(30,087)	(17,433)
Operating cost	(3,118)	(2,835)
Net finance (cost)/income	(470)	(368)
Actuarial (loss)/gain	4,626	(10,731)
Contributions	1,368	1,280
Deficit in scheme as at 31 July	(27,681)	(30,087)

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21 Pension and similar obligations (continued)

#### Asset and Liability Reconciliations:

<b>Reconciliation of Liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Liabilities at start of year</b>	<b>75,281</b>	<b>62,626</b>
Current service cost	<b>3,090</b>	2,648
Interest cost	<b>1,199</b>	1,371
Contribution by scheme participants	<b>446</b>	429
Actuarial loss/(gain)	<b>3,549</b>	8,978
Benefits paid	<b>(1,063)</b>	(931)
Curtailments and settlements	-	160
<b>Liabilities at end of year</b>	<b>82,502</b>	<b>75,281</b>
<b>Reconciliation of Assets</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Assets at start of year</b>	<b>45,194</b>	<b>45,193</b>
Expected return on assets	<b>729</b>	1,003
Actuarial gain/(loss)	<b>8,175</b>	(1,753)
Administration expenses	<b>(28)</b>	(27)
Contributions by the employer	<b>1,368</b>	1,280
Contributions by the scheme participant	<b>446</b>	429
Benefits paid	<b>(1,063)</b>	(931)
<b>Assets at end of year</b>	<b>54,821</b>	<b>45,194</b>

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the balance sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

#### History of experience gains and losses

	<b>2021</b>	<b>2020</b>
Defined benefit obligation (£000)	<b>(82,502)</b>	(75,281)
Plan assets (£000)	<b>54,821</b>	45,194
<b>Deficit (£000)</b>	<b>(27,681)</b>	<b>(30,087)</b>

Difference between actual and expected return on scheme assets:

Amount (£000)	<b>8,175</b>	(1,753)
Percentage of scheme assets	<b>14.9%</b>	-3.9%

Experience gains and losses arising on scheme liabilities:

Amount (£000)	-	-
Percentage of scheme liabilities	-	-

Effects of changes in assumptions underlying the present value of scheme:

Amount (£000)	<b>(3,549)</b>	(8,978)
Percentage of scheme liabilities	<b>(4.3%)</b>	(11.9%)

Total of amounts recognised in the statement of Comprehensive income:

Amount (£000)	<b>4,626</b>	(10,731)
Percentage of scheme liabilities	<b>5.6%</b>	(14.3)%

**21 Pension and similar obligations (continued)****TPS (Teachers Pension Scheme)**

This report sets out the results of the actuarial valuation of the combination of the Teachers' Pension Scheme ('pre 2015 Scheme') 6 and the 2015 Teachers' Pension Scheme ('2015 Scheme') 7 (Teachers' Pension Scheme or 'the Scheme'). The Scheme provides pensions and other benefits to teachers who have worked in schools or other educational establishments in England and Wales. The Scheme is an unfunded statutory public service pension scheme with the benefits underwritten by the Government. The Scheme is financed by payments from the employer and from those current employees who are members of the Scheme, who pay contributions at different rates based on pay and as specified in the regulations

The latest actuarial valuation of the scheme was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employers Cost Cap) Directions 2014. The Government Actuary (GA) reported on the valuation of the Teachers' Pension Scheme on 9 June 2014. The GA concluded that:

- at the date of the valuation, the liabilities in the scheme were £196.1 bn and the value of the assets was £218.1 bn giving a notional past service deficit of £22 bn;
- the total recommended rate of contribution payable by employers from 1 September 2019 is 23.6 % (previously 16.4%) of salary; and

The financial assumptions adopted for the current valuation and, for comparison, those adopted for the 2012 valuation, are shown below:

	2016 Valuation	2012 Valuation
Discount rate :		
Real	2.40%	3.00%
Nominal	4.45%	5.06%
Pensions increases	2.00%	2.00%
Long term salary growth	4.20%	4.75%
- In excess of assumed CPI	2.20%	2.75%

**FRS 102 (28)**

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme.

The TPS is unable to provide for the College an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption of FRS 102 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implication for the College in terms of the anticipated contribution rates.

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 22 Reconciliation of consolidated operating surplus/(deficit) to net cash inflow/(outflow) from operating activities

	2021 £000	2020 £000
Surplus/(Deficit) for the year	528	(1,257)
<b>Adjustments for investing or financing activities:</b>		
Interest paid	43	45
Interest (received)	(5)	(27)
<b>Adjustments for non-cash items:</b>		
Depreciation (note 11)	2,290	1,937
Increase in provision for bad and doubtful debts	(105)	54
Surplus on disposals of fixed assets	(4)	(11)
Revaluation of investments	(38)	(14)
Deferred capital grants released to income:		
WG (note 1)	(1,208)	(954)
Specific grants released to income	(317)	(252)
Pension cost less contributions payable	2,220	1,923
(Increase)/Decrease in stocks	(18)	3
Decrease/ (Increase) in debtors	270	(140)
(Increase)/decrease in prepayments and accrued income	1,501	(674)
Increase/(decrease) in creditors	684	(311)
(Decrease)/increase in other taxation and social security	6	(109)
Increase/(decrease) in accruals	(357)	393
Increase/(decrease) in provisions	166	30
<b>Net cash inflow/(outflow) from operating activities</b>	<b>5,656</b>	<b>636</b>

### 23 Cash flows from financing activities

	2021 £000	2020 £000
Interest received	5	27
Interest element of finance lease rental payments	(43)	(45)
Capital element of finance lease payments	(225)	(255)
	(263)	(273)

### 24 Cash flows from investing activities

	2021 £000	2020 £000
Payments to acquire tangible fixed assets	(2,236)	(812)
Proceeds from disposal of tangible fixed assets	4	12
Proceeds from disposal of investments	-	-
Deferred capital grants received	1,593	429
Unspent specific grants received	771	1,198
	132	827

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 25 Cash and cash equivalents

	2021	2020
	£000	£000
Cash in hand and at bank	12,600	7,072
Cash Equivalents	213	216
Net cash	12,813	7,288

### 26 Capital commitments

	2021	2020
	£000	£000
Commitments contracted for at 31 July	-	-

### 27 Financial commitments

At 31 July 2020 the College was committed to making the following minimum lease payments under non-cancellable operating leases:

	2021 Land and buildings £000	2021 Other £000	2020 Land and buildings £000	2020 Other £000
Not later than one year	30	45	35	45
Later than one year and not later than five years	16	93	16	80
Later than five years	-	-	-	-
	46	138	51	125

### 28 Related party transactions

The College maintains a register of its interests for Directors of the Company and key management personnel. The following were outstanding / carried out during the year ended 31<sup>st</sup> July 2021:

#### CCTA Enterprises Ltd

- £ 250 receivable (2020 : £250), £0 payable (2020 : £0)
- Total income for the year £0 (2020 : £ 0), total purchases £0 (2020 : £ 0)

#### Coleg Ceredigion - Group Member

- £0 receivable (2020: £983,097 ), £0 payable (2020 £642,328)
- Total income for the year £0 (2020: £172,357), total purchases £230 (2019: £477,695)

#### UWTSD – Parent

- £21,341 receivable (2020: £47,969) , £350,018 payable (2020: £123,022)
- Total income for the year £4,376,457 (2020: £4,820,424), total purchases £1,391,638 (2020: £989,426)

#### Fforwm Services Limited

- £0 payable (2020: £0)
- Total purchases for the year £54,354 (2020: £52,236)

Note : Transactions amongst the group companies are for services rendered. FForwm, is the subscription cost for the Colleges Wales services provided to all Welsh FE colleges.

# COLEG SIR GÂR

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 29 Amounts dispersed as agents

The College acts as agent in the administration of learner support funds which are available solely for students. The grants and related disbursements are excluded from the income and expenditure account.

<b>Financial Contingency Funds</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>WG</b>	<b>HEFCW</b>	<b>Total</b>	<b>WG</b>	<b>HEFCW</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance unspent at 1 August	36	-	36	45	-	45
Grants received	350	-	350	323	-	323
Available for distribution	386	-	386	368	-	368
Disbursed to students	(298)	-	(298)	(323)	-	(323)
Administration costs	(11)	-	(11)	(9)	-	(9)
Balance unspent at 31 July	77	-	77	36	-	36

### 30 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is the University of Wales: Trinity Saint David, a Higher Education Corporation. The results of the Company have been incorporated in the University of Wales: Trinity Saint David consolidated financial statements, which form the largest and smallest group for which the Company's statements are consolidated, copies of which are obtained from the following address:

University of Wales: Trinity Saint David  
Carmarthen  
SA31 3EP