

**COLEG LLANDRILLO**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2011**

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# Coleg Llandrillo

## Operating and Financial Review

The Members of the Corporation Board of Coleg Llandrillo (the College) present their report and audited financial statements for the year ended 31 July 2011.

### 1. Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Coleg Llandrillo. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006. On 1 April 2010 Coleg Llandrillo and Coleg Meirion Dwyfor merged following the Statutory Instrument 2010 no 562.

### 2. Mission

The College's mission is:

**“To provide outstanding education and training opportunities to improve the skills base of employers, individuals and communities to support social and economic advancement.”**

### 3. Performance Indicators

#### 3.1. Delivery

The College aim is to meet the educational needs of the counties of Conwy, Denbighshire and Gwynedd through the provision of high quality training opportunities. Throughout 2010/11, the College taught 17,855 Further Education students (5,059 on full-time courses and 12,796 on part-time courses), 969 Higher Education students (493 full-time and 476 part-time) and 1,637 students through the Colleges work-based learning contract (all part-time). In addition, 2,346 learners were taught through bespoke learning programmes (often to industry) not funded via the Welsh Government.

All of the College's student activity targets were exceeded as follows:

Delivery area	Funding target (credits)	Actual activity (credits)	Value of activity above target
Further education (including Pathways to Apprenticeships)	1,321,833	1,431,601	8.30%
Higher education *	42,772	59,517	39.15%
Workbased learning	127,711	156,387	22.45%

\* Note that unlike Further Education and Workbased learning, Higher education credits have differing values for each credit, the value above target is expressed in monetary terms

The College does not receive additional funding for providing additional delivery, but believes that if it did not follow this approach many students would not be able to access education. In particular, many students are successful at Coleg Llandrillo after leaving other institutions. The College is often not funded for providing those students with their second chance and progression routes but must continue to offer this if it is to achieve its mission.

#### 3.2. Excellence

The College's latest inspection position is as follows:

Further Education	Outstanding
Workbased learning	Outstanding
Higher education *	No essential or advisable changes required

\*Unlike inspections carried out by ESTYN, QAA reviews do not provide a grade. Instead suggestions are made to improve practices which are categorised into essential, advisable or desirable changes.

### 3.2. Excellence cont'd

The College won numerous awards throughout 2010-11. The College's outstanding practice was recognised by ColegauCymru, the Association of Welsh Further Education Colleges, with the College winning the 'Outstanding Practice in the Maintaining and Improving of Quality' award. Coleg Llandrillo excelled at the UK's most prestigious sustainability awards ceremony. The College was named as runner-up in the Best Public Sector Organisation category at the Environment Agency's inaugural Environmental Pioneer Awards gala in Westminster, London. Coleg Llandrillo excelled at the UK's most prestigious sustainability awards ceremony.

The College was named as runner-up in the Best Public Sector Organisation category at the Environment Agency's inaugural Environmental Pioneer Awards gala in Westminster, London. Numerous students won regional, national and UK awards, including 'Top UK Student' by The International Association of Bookkeepers (IAB), 'Best Apprentice Plumber in Wales' at the Welsh final of the UK Apprentice of the Year competition, a gold medal at the skills competition Wales Cooking and Restaurant Services contest and numerous Skillbuild and UKSkills competition awards.

Six Academi Llandrillo footballers received national recognition after being selected for the Wales Colleges' Football team and the Wales Under 18s squad and at the Welsh International Culinary Championships, College students won over 50 medals and awards. At the NIACE Dysgu Cymru "2011 Inspire Adult Tutor & Mentor Awards Ceremony", Rhian Evans, Melinda Gardner and Helen Hodgkinson won the 'Basic Skills Tutor of the Year', 'Digital Inclusion Award' and 'Vocational Tutor of the Year' awards respectively. Rhian was also named as the overall 'Adult Tutor of the Year for Wales'. Eirlys Bowler was named as 'Further Education Learner of the Year' for the whole of Wales.

### 3.3. Financial Performance and Cash Holdings

The financial performance of the College during the 2010/11 year is summarised in the table below.

	2010/11 £'000	2009/10 £'000	Change £'000
Income	47,385	38,982	8,403
Expenditure	(45,874)	(37,762)	(8,112)
Surplus on continuing operations	1,511	1,220	291
Historical cost depreciation adjustment	214	155	59
Surplus on a historical cost basis	1,725	1,375	350

Approximately £7.7 million was held in cash at the year end and £3.2 million of loans. Cash holdings are important as the College must contribute towards the cost of capital projects undertaken with the Welsh Government. Without surpluses to generate cash the College would be unable to invest in its estate.

The College's capital projects undertaken during 2010/11 are summarised as follows:

	College Contribution £'000	WAG/ Other £'000	Total £'000
Conwy	672	449	1,121
Denbighshire	42	795	837
Gwynedd	558	4,530	5,088
	<b>1,272</b>	<b>5,774</b>	<b>7,046</b>

The College's financial strategy is as follows:

- To provide a comprehensive, high quality educational provision. All areas of provision should be grade 1 or 2;
- To meet the training needs of the local area to the extent that funding allows. Provision will be focused upon national and regional priorities to bridge local skills gaps;
- To maintain the College's Category A financial health rating;
- To achieve an operating cost margin of at least 3% of total turnover;
- To reduce the reliance upon Welsh Government sources of funding through additional non-government activity;
- To work with local agencies and providers to achieve better value and greater collaboration; and
- To continue expanding provision and training opportunities.

The College has built on its success of the previous year, maintaining high quality, reducing debt whilst at the same time delivering activity well in excess of the College's targets.

#### 4. Partnerships and Networks

Established relationships are in place with the Conwy, Denbighshire and Gwynedd Local Education Authorities (LEA's). The College is responsible for the coordination and monitoring of the Conwy 14 -19 network and is working closely with the LEA and secondary schools to take the 14-19 agenda forward via the Conwy Federation of Learning. The College continues to be an active member of the Denbighshire and Gwynedd 14-19 networks and is also a member of the Conwy, Denbighshire and Gwynedd Young Peoples Partnerships. The College is represented on the Denbighshire Local Service Boards, Chairs the Conwy and Denbighshire ACL partnership and is an active member of the Gwynedd/Ynys Mon ACL partnership

In respect of Higher Education, the college is part of the Mid and North Wales regional planning group and has particularly strong partnerships with Bangor and Glyndwr Universities which each validate the College's higher education courses. The College is currently working with Bangor University in respect of the University Centre @ Coleg Llandrillo (UCCL).

These relationships have a positive impact in the context of responsiveness and relevance to the needs of the North Wales economy by allowing students in Conwy and Denbighshire to access higher education.

In addition, the College is an active member of many economic groups throughout the three counties which assist in achieving the College's employer engagement mission.

#### 5. Future Developments

The College's future funding position has been clarified over the past year. Additional Higher Education credits have been allocated as part of the recent national review of activity. Further Education funding will be reduced by 1% in 2011-12 and may increase thereafter by small amounts but is largely fixed. There is no opportunity for growth through this funding stream. A disappointing funding allocation in the recent workbased learning tender saw a substantial reduction in this revenue stream going forward to the new WBL consortium ( Coleg Llandrillo leads with Arfon Dwyfor Training and North Wales Training.).

As a consequence the College's future strategy, which is already being implemented, is to expand income sources from non-government income, tightly control expenditure and shift resource from back office functions to frontline delivery.

As part of this strategy, the College is currently engaged in merger discussions with Coleg Menai. The combined group would become the largest college in Wales and together would enhance the offering to the local area.

Despite these challenges, the College remains financially strong, making surpluses whilst possessing a healthy balance sheet.

The College continues to develop its curriculum and facilities to respond to the needs of the local area. The Institute of Health building at Rhos and the new residential accommodation at Glynllifon have been completed. Both projects have taken their first group of students in 2010-11. Anticipated capital projects for 2011-12 are as follows:

	<b>College Contribution</b>	<b>WAG/Other Contribution</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Conwy	672	93	765
Denbighshire	84	86	170
Gwynedd	344	2,885	3,229
	<b>1,100</b>	<b>3,064</b>	<b>4,164</b>

#### 6. Principal Risks and Uncertainties

The College operates a robust system of risk management throughout the organisation to protect its reputation and assets. A risk register is maintained at the College which is reviewed regularly throughout the year. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact and the actions taken/being taken to mitigate those risks. Risks are prioritised using a consistent scoring system.

The current economic outlook remains uncertain. This may impact upon the College's future finances either through lower numbers of students within the workplace or through lower taxation revenues feeding into the budget for education. This would affect all institutions and may provide the catalyst for institutions to work more closely with the College to take advantage of more efficient operations.

14-19 developments are at the heart of the College's agenda; however this can only improve with closer partnership working with the three LEAs and schools. There is a risk that sound initiatives may not come to fruition and all parties may not participate in the collaboration agenda.

## **7. Treasury Policies and Objectives**

Treasury management is the management of the College's cash flows, its 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 which was successful in protecting this institution from the economic turbulence that occurred over recent periods. In particular, the College only deposits its funds with high rated UK banks.

Short-term borrowing can be authorised by the Principal, subject to the limits imposed by the Financial Memorandum with the Welsh Government. All other borrowing requires the authorisation of both the Corporation and the Welsh Government.

## **8. Transparency Arrangements**

The corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. Minutes of meetings are available from;

Clerk to the Corporation  
Coleg Llandrillo  
Llandudno Road  
Rhos on Sea  
Conwy  
LL28 4HZ

## **9. Payment Performance**

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.

In accordance with the Board's wishes, the College ensures favourable payment terms are negotiated for small local suppliers and for students travel expenses. The payment days are 11 (2010 : 28 days). The College incurred no interest charges in respect of late payment for the year ended 31 July 2011.

## **10. Post-balance sheet events**

Following 22 years of service, Mr Huw Evans OBE will retire in December 2011.

Coleg Llandrillo and Coleg Menai are in discussions with a view to merge on 1 April 2012. Both Colleges held Board meetings at the beginning of December 2011 and agreed to proceed with the merger process. The merged institution will be known as Grŵp Llandrillo-Menai.

Mr Glyn Jones OBE has been appointed as Chief Executive Officer of Grŵp Llandrillo-Menai. Mr Jones is currently the Principal of Pembrokeshire College and will take up the post in early 2012.

## **11. Equal Opportunities and Employment of Disabled Persons**

The College recognises the value of each member of its community. The College is committed to offering an educational service which provides equality of opportunity and is intended to combat discrimination. It seeks to promote equality of access, social inclusion, encourage widening participation and ensure equality within a bilingual context. The College has actively developed a comprehensive set of policies to promote equality and has been externally recognised as an equal opportunities employer through its Charter Mark and Investors in People Status. A disability statement has been prepared by the College, and the College has the right to use the "Positive about Disabled People" symbol on its job advertisements, application forms and recruitment literature. The College holds the "Two Ticks" symbol – positive about disability. The College has also developed a "Welsh Language Scheme" which it actively promotes.

## **12. Taxation**

The College's activities do not fall to be charged to corporation tax.

## **13. Disability Statement**

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

## **14. Staff and Student Involvement**

The College considers good communication to be an essential ingredient of college management. Staff and students are fully involved in the major committees of the College with representatives on the Corporation Board and Academic Board. Grievance and dispute procedures are well publicised and the College has an established 'Student Charter' and a 'Whistle blowing Policy'.

Students are fully involved in the quality process and form part of course review teams. Regular meetings are held with staff who are involved in corporate management. The overall effectiveness of the institution was clearly recognised its completed external quality assessments.

The College has continued with INTRANET and web based developments, which are now being actively used not only as a tool for improved communication but for teaching and learning.

## **Professional Advisers**

External Auditors:	<b>PricewaterhouseCoopers LLP</b> 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW
Internal auditors:	<b>RSM Tenon</b> 1 Hollinswood Court Stafford Park 1 Telford TF3 3DE
Principal Bankers:	<b>Barclays Bank plc.</b> Corporate Banking Centre PO Box 1015 3 <sup>rd</sup> Floor Windsor Court Windsor Court Cardiff CF10 3ZL
Solicitors:	<b>Eversheds</b> 1 Callaghan Square, Cardiff CF10 5BT
	<b>J W Hughes &amp; Co</b> 27 Augusta Street Llandudno Conwy LL30 2AD

## **15. Board members**

A self assessment process was initiated by the Corporation Board in 2003/04, which adopted a more strategic approach to its own needs identification. An active Governance and Quality Committee has been established to carry forward the principles of openness and accountability. An active Register of Interests for all Board members is maintained.

## **16. Disclosure of Information to Auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

**Approved by order of the members of the Corporation on 8 December 2011 and signed on its behalf by:**

Cllr John B. Bellis:  
Chairman

## Members

SURNAME:	FORENAME	MAX TERM:	APPOINTMENT STATUS:	DATE OF APT / RESIGNATION IN YEAR:	COMMITTEES SERVED:
Bellis (C)	John	8 yrs	Business		SSO, GQ, REM, RSC, EST, LCC
Bichan (VC)	Roy	8 yrs	Business		REM, RSC, EST, LCC
Catley	Glyn	8 yrs	Business		SSO, GQ, RSC, EST
Evans	William Samuel Huw	8 yrs	Principal		SSO, GQ, RSC, EST
Halpin	Helen	8 yrs	Business	Appointed 22.04.10	SSO
Hicken	David	8 yrs	Co-opted	Appointed 22.04.10	ARC, EST
Hughes	Geraint	8 yrs	Business	Appointed 22.04.10	LCC
Howells	Jane	4 yrs	Non teaching staff		
Hynes	Ann	8 yrs	Academic Staff		SSO, GQ
Jackson	Chris	8 yrs	Local Community Org.		ARC, SSO, GQ, LCC
Jones	Huw	8 yrs	Local Community Org.	Appointed 22.04.10	GQ, LCC
Jones	Wyn	4 yrs	Local Authority		SSO, GQ
Lavin	Peter	8 yrs	Co-opted		ARC
Lewis	Dewi	4yrs (discontinued)	Local Authority	01.12.10 - 30.07.11	
Llewellyn	John	8 yrs	Co-opted		RSC
Owens	Dewi	8 yrs	Local Authority		SSO, LCC
Pugh	Hedd	8 yrs	Local Community Org.	Appointed 22.04.10	REM, RSC, LCC
Roberts	Bethan	1 yr	Student	01.08.10 - 31.07.11	SSO
Thomas	Alun	8 yrs	Business		RSC, EST
Williams	David	8 yrs	Business		ARC, REM

### Key:

ARC Audit and Risk Committee  
 SSO Staff & Student Operations Committee  
 GQ Governance & Quality Committee  
 REM Remuneration Committee  
 RSC Resources Committee  
 EST Estates Panel  
 LCC Local College Council

C  
 VC

Chairman  
 Vice Chairman

## **COLEG LLANDRILLO**

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

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the UK Corporate Governance Code, as issued by the Financial Reporting Council in May 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the appropriate provisions of the combined code in so far as they apply to the Further Education Sector and where they are not superseded by Welsh Government guidance, and it has complied throughout the year ended 31 July 2011.

#### **Corporation Board**

The College's Corporation Board consists of independent and co-opted members as well as staff, student representatives and the Principal. The composition of the Corporation Board is set out on page 8. It is the Corporation Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Corporation Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation Board 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.

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk of the Corporation Board, who is responsible to the Corporation Board for ensuring that all applicable procedures and regulations are complied with. The appointment, revaluation and removal of the Clerk are all matters for the Corporation Board as a whole.

There is a clear division of responsibility in that the roles of the Chairman and Principal are separate.

The Corporation Board meets six times a year (twice each term) and has established five formal sub committees, the Audit and Risk Committee, Staff and Student Operations Committee, Governance and Quality Committee, Resources Committee and Remuneration Committee. Each sub committee has formal terms of reference and reports to the Corporation Board.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Corporation Board meetings. Briefings are provided on an ad-hoc basis.

The Corporation Board is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel related matters, health and safety and environmental issues.

In addition to the formal sub committees noted above, the Academic Board, the Estates Panel and 7 Local College Councils also report directly to the Corporation Board.

#### **Appointment to the Corporation Board**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Governance and Standards Committee advises the Corporation Board on the recruitment of new members, considers the composition and balance of the Corporation Board and develops procedures for training, induction and development of Corporation Board members.

Members of the Corporation are appointed for a term of office not exceeding four years per term.

### **Audit and Risk Committee**

The Audit and Risk Committee meets four times a year. The committee operates in accordance with written terms of reference approved by the Corporation Board. It comprises of four members (excluding the Principal and the Chair of the Corporation Board). The College's external and internal auditors are invited to report and attend the meeting and have access to the Committee for independent discussion, without the presence of the College management.

Whilst senior management attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee.

The Audit and Risk Committee also advises the Corporation Board on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

The Committee considers and agrees the annual programme of the internal auditors that provides an independent assessment of all aspects of the College's systems of internal control, risk management, controls and governance processes. The auditors report their findings to management and the Audit and Risk Committee. Management are responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

From time to time the Committee requests self audit reports from management on aspects of the College's internal control system. The Committee also considers relevant reports from DFES, National Audit Office and other bodies as they affect the College's business. The Audit and Risk Committee monitors the progress of management in implementing audit recommendations.

### **Remuneration Committee**

During the year ended 31 July 2011, the Remuneration Committee met to make recommendations to the Corporation Board on the remuneration of the senior post holders. A formal process has been established to set objectives against which to monitor performance for senior post holders. The Committee's recommendations are also informed by independent surveys of national remuneration levels for senior post holders. Details of remuneration for the year ended 31 July 2011 are set out in note 7 to the financial statements.

### **Internal control**

#### Strategic planning and financial control

The College has established a robust strategic planning process. This process ensures appropriate involvement of the Corporation Board, Academic Board, Senior Management Team and Corporate Management Group in developing the strategic plan. The final strategic plan is approved by the Corporation Board which also monitors progress on the achievement of the strategic objectives during the year.

The College's budget and financial forecasts are developed in conjunction with the strategic plan. The Resources Committee recommends to the Corporation Board the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. Detailed monthly management accounts are provided to budget holders and reviewed by senior management. The College has established detailed financial regulations and delegated levels of authority which provide a framework for financial control within the College.

#### Scope of responsibility

The Corporation Board is ultimately responsible for the College'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 Corporation Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Coleg Llandrillo and the Welsh Government. He is also responsible for reporting to the Corporation Board any material weaknesses or breakdowns in internal control.

### 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 College's 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 Llandrillo for the year ended 31 July 2011 and up to the date of approval of the annual report and financial statements.

### Capacity to handle risk

The Corporation Board has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation 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 period ending 31 July 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation 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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation Board;
- Regular reviews by the Corporation 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 Llandrillo has an internal audit service, which operates in accordance with the requirements of DFES. The work of the internal audit service is informed by an analysis of the risks to which the college 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 Corporation Board on the recommendation of the Audit and Risk Committee. Annually, the internal auditors provide the Corporation Board with a report on internal audit activity in the institution. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### Review of effectiveness

As Accounting Officer, 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 auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors and the Welsh Government's auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Audit and Risk Committee, which oversees the work of the internal auditor and Risk Management Committee. The College's quality processes include 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 and the College's 4Risk recording system. The senior management team and the Audit and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2011 meeting, the Corporation Board will carry out the annual assessment for the year ended 31 July 2011 by considering documentation from the Audit and Risk Committee and internal audit, and taking into account of events since 31 July 2011.

### **Going concern**

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

**Approved by order of the members of the Corporation on 8 December 2011 and signed on its behalf by:**

Cllr J.B. Bellis  
Chairman

Mr W.S.H. Evans OBE  
Principal

## COLEG LLANDRILLO

### STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation (the Board of Governors) of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the financial memorandum agreed between the Welsh Government, (Department for Education and Skills (DFES)) and the Corporation, the Board of Governors, through its Principal, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education Institutions, the Accounts Direction to Further Education Institutions for 2010-11 and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the College will continue in operation.

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the 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 presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Corporation is responsible for ensuring that funds from DFES are only used in accordance with the financial memorandum with the Welsh Government and any other conditions which the Welsh Government may from time to time prescribe. The Corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are only used in accordance with the conditions under which they have been made available. In addition, the Board of Governors is responsible for securing the 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 by DFES are not put at risk.

**Approved by order of the members of the Corporation on 8 December 2011 and signed on its behalf by:**

Cllr JB Bellis  
Chairman

Date: 8 December 2011

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLEG LLANDRILLO**

We have audited the financial statements of Coleg Llandrillo ("the college") for the year ended 31 July 2011 which comprise Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, Cash Flow Statement and the related notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of Members of the Corporation of Coleg Llandrillo and the auditor**

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 14 the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Corporation's Board of Governors in accordance with Article 18 of the college's articles of government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Corporation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Corporation's affairs as at 31 July 2011 and of the Corporation's surplus and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been prepared in accordance with the Accounts Direction issued by the Welsh Government.

**Opinion on other matters prescribed in the Further Education Audit Code of Practice 2007 issued by the Welsh Government**

In our opinion, in all material respects:

- monies expended out of Welsh Government grants and other funds from whatever source administered by the Corporation for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- income has been applied in accordance with the financial memorandum with the Welsh Government.

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

Date: 19 December 2011

(a) The maintenance and integrity of Coleg Llandrillo's website is the responsibility of the Board of Governors; the work carried out by the 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.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**COLEG LLANDRILLO**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2010 £'000
<b>Income</b>			
Funding body grants	2	37,667	30,861
Tuition fees and education contracts	3	3,651	3,264
Other income	4	6,021	4,812
Endowment and investment income	5	46	45
<b>Total income</b>		<b>47,385</b>	<b>38,982</b>
<b>Expenditure</b>			
Staff costs	6	30,845	25,063
Other operating expenses	9	12,105	10,745
Depreciation	13	2,509	1,478
Interest and other finance costs	10	415	476
<b>Total expenditure</b>		<b>45,874</b>	<b>37,762</b>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		1,511	1,220
<b>Surplus for the year retained within general reserves</b>	<b>12</b>	<b>1,511</b>	<b>1,220</b>

**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS**

	Notes	2011 £'000	2010 £'000
Surplus on continuing operations before taxation		1,511	1,220
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	23	214	155
<b>Historical cost surplus for the period after taxation</b>		<b>1,725</b>	<b>1,375</b>

The income and expenditure account for 2010 includes 12 months of Coleg Llandrillo and 4 months of Coleg Meirion Dwyfor transactions. The income and expenditure account is in respect of continuing activities. The notes on pages [20 to 42] form part of these financial statements.

**COLEG LLANDRILLO****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2010 £'000
<b>Surplus on continuing operations after depreciation of assets at valuation</b>		1,511	1,220
Actuarial gain in respect of pension scheme	28	4,731	173
Past Service gain	24	0	2,047
Transfer of pension reserve from Coleg Meirion Dwyfor	24	0	(3,087)
Transfer of other reserves from Coleg Meirion Dwyfor	23, 24	0	5,908
<b>Total recognised gains relating to the year</b>		<u>6,242</u>	<u>6,261</u>

**RECONCILIATION**

	2011 £'000	2010 £'000
Opening reserves	13,753	7,492
Total recognised gains for the year	6,242	6,261
Closing reserves	<u>19,995</u>	<u>13,753</u>

**COLEG LLANDRILLO**

**BALANCE SHEET**

**AS AT 31 JULY 2011**

	Notes	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Tangible Assets	13	57,475	52,938
Investments	14	47	49
<b>Total Fixed Assets</b>		<b>57,522</b>	<b>52,987</b>
<b>Current assets</b>			
Stock	15	448	379
Debtors	16	2,179	2,257
Investments	17	501	-
Cash at bank and in hand		7,682	7,335
<b>Total current assets</b>		<b>10,810</b>	<b>9,971</b>
Creditors: amounts falling due within one year	18	(4,232)	(4,950)
<b>Net current assets</b>		<b>6,578</b>	<b>5,021</b>
<b>Total assets less current liabilities</b>		<b>64,100</b>	<b>58,008</b>
Less: Creditors -amounts falling due after more than one year	19	(2,971)	(3,268)
Less: Provisions for liabilities	21	(2,032)	(1,975)
<b>Net assets excluding pension liability</b>		<b>59,097</b>	<b>52,765</b>
Net pension liability	24	(3,116)	(7,871)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>55,981</b>	<b>44,894</b>
<b>Deferred Capital Grants Reserves</b>			
Income and expenditure account excluding pension reserve	22	35,986	31,141
Pension reserve	24	(3,116)	(7,871)
Income and expenditure account including pension reserve		11,713	5,257
Revaluation reserve	23	8,282	8,496
<b>Total Reserves</b>		<b>19,995</b>	<b>13,753</b>
<b>TOTAL FUNDS</b>		<b>55,981</b>	<b>44,894</b>

The financial statements on pages 16 to 42 were approved by the Governing body on 8 December 2011 and were signed on its behalf on that date by:

Mr JB Bellis  
Chairman

Mr W.S.H. Evans OBE  
Principal

Mrs K Coughlin  
Vice Principal  
Corporate Services

The notes on pages 20 to 42 form part of these financial statements

**COLEG LLANDRILLO****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 JULY 2011**

	Notes	2011 £'000	2010 £'000
<b>Cash inflow from operating activities</b>	<b>25</b>	<b>2,027</b>	<b>3,106</b>
Returns on investments and servicing of finance	26	(369)	(431)
Taxation		0	0
Capital Expenditure and Financial Investment	26	(544)	(1,133)
Management of liquid resources	26	(501)	0
Financing	26	(266)	(242)
Transfer from Coleg Meirion Dwyfor		0	1,304
<b>Increase in cash in the year</b>		<b>347</b>	<b>2,604</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	Notes	2011 £'000	2010 £'000
Increase in cash in the year		347	2,604
Cash inflow from liquid resources		0	0
Change in net funds resulting from cashflows	27	266	242
Movement in net funds in period		<b>613</b>	<b>2,846</b>
Net funds at 1 August		3,893	1,047
Net funds at 31 July		<b>4,506</b>	<b>3,893</b>

The notes on pages [20 to 42] form part of these financial statements

## **COLEG LLANDRILLO**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 JULY 2011**

#### **1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

##### **Basis of Preparation**

The financial statements have been prepared in accordance with the Statement of Recommended Practice : Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable accounting standards. They conform to guidance published by the Welsh Government in the Accounts Direction to Further Education Institutions for 2010-2011.

##### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

##### **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College currently has £3.2m of loans outstanding with bankers on terms negotiated between 1996 and 2004. The College's forecasts associated with these loans and financial projections indicate that it will be able to operate within the covenants for the foreseeable future. Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

##### **Recognition of Income**

Recurrent Grant comprises the revenue funding allocation for the period covered by the financial statements and is credited direct to the financial statements to the extent that it will not be recovered by funding bodies in future years.

Capital grants are credited to a deferred capital grant account and are then released to the income and expenditure account over the estimated useful life of the assets to which they relate. Where assets are not capitalised the grant is released in full in the year of acquisition.

Income from academic fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors, for example the National Health Service.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

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

##### **Post Retirement Benefits**

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

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 valuation using a prospective benefit method. As stated by note [28] , 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 scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

## **COLEG LLANDRILLO**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 JULY 2011**

##### **Post Retirement Benefits cont'd**

###### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a 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 method prescribed by DFES.

###### **European Social Fund Grants**

European Social Fund (ESF) Grants are applied for on a calendar year basis as a contribution to vocational training courses that fulfil the criteria of the ESF. Monies are received on an instalment basis.

The amount of income recognised is based on beneficiary analysis, which cannot be confirmed until the final claims have been accepted and, if selected for review, verified by Government auditors. Adjustments to income following acceptance and, where relevant, verification are recorded in the year in which they are identified.

These grants are refundable with interest, or final instalments reduced, where, as a result of a subsequent audit, the College has failed to meet the requirements of the grant. The College's policy is only to take credit for that proportion of the grant approved, for which it is felt no refund will be required.

###### **Tangible Fixed Assets**

###### **Land and buildings**

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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 capital grant account, 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.

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

A review for impairment of a tangible fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of any tangible fixed asset may not be recoverable. On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1995 at deemed cost and not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 20-50 years.

###### **Assets under construction**

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

## **COLEG LLANDRILLO**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 JULY 2011**

##### **Subsequent expenditure on existing tangible fixed assets**

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

##### **Equipment**

Equipment (other than computer related equipment) costing less than £2,500 per individual item or project is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at its net book amount at that date.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the College. All other equipment is depreciated over its useful economic life using the straight line basis as follows:

<b>General equipment</b>	<b>5 - 10 years</b>
<b>Computer equipment</b>	<b>3 years</b>
<b>Motor vehicles</b>	<b>3 years</b>

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account, released to income and expenditure account over the expected useful economic life of the related equipment.

##### **Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases are capitalised and depreciated over the shorter of the lease term and the useful economic life. The related liability is included as a creditor in the balance sheet. The excess of the lease payments over lease obligations are created as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

##### **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. Farm livestock is based on deemed cost valuation for which 75% of open market valuation was applied.

##### **Maintenance of Premises**

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

## **COLEG LLANDRILLO**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 JULY 2011**

##### **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 entity 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 Chapter 3 Part 11 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 exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

##### **Investments**

Fixed asset investments are included in the balance sheet at market value.

##### **Liquid Resources**

Liquid resources include sums on short- term deposits with recognised banks.

##### **Financial Contingency Fund**

The Financial Contingency Fund grant from DFES is available solely for students. In the majority of cases the College acts only as a paying agent. In these circumstances the grants and related expenditure are excluded from the Income and Expenditure account. The income and expenditure consolidated in the College's financial statements relates to the provision of transport and nursery care by the College on the student's behalf as well as the staff costs of administering the fund.

**COLEG LLANDRILLO****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 JULY 2011****2 FUNDING BODY GRANTS**

	2011	2010
	£'000	£'000
DFES recurrent grant	29,470	23,773
Work-based Learning	2,987	2,902
Release of deferred DFES capital grants	1,658	826
DFES LLDD grant	1,301	1,235
HEFCW Recurrent grant	1,237	1,308
Other DFES Grants	1,014	817
	<u>37,667</u>	<u>30,861</u>

**3 TUITION FEES AND EDUCATION CONTRACTS**

	2011	2010
	£'000	£'000
UK Higher Education students	1,791	1,569
UK Further Education students	1,238	1,134
Non European Union students	229	353
Total fees paid by or on behalf of individual students	<u>3,258</u>	<u>3,056</u>
Education Contracts:		
Franchise Income	393	208
	<u>3,651</u>	<u>3,264</u>

**4 OTHER INCOME**

	2011	2010
	£'000	£'000
European Funds	403	265
Catering (refectory and restaurant)	1,063	854
Farming activities	551	182
Other grant income	1,063	1,152
Other income generating activities (College)	2,941	2,359
	<u>6,021</u>	<u>4,812</u>

**5 ENDOWMENT AND INVESTMENT INCOME**

	2011	2010
	£'000	£'000
Interest on cash deposits	46	45
	<u>46</u>	<u>45</u>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**6 STAFF COSTS**

**Staff Numbers**

The number of persons (including senior post holders) employed by the College during July, expressed as full-time equivalents is detailed below. The number of employees has increased following the merger with Coleg Meirion Dwyfor, 180 staff were transferred.

	2011 Number	2010 Number
Teaching departments	495	375
Teaching support services	230	214
Other support services	43	44
Administration and central services	136	126
Premises	32	25
Catering and Residences	30	26
Farming Activities	5	2
	971	812

These figures do not include casual staff employed on a monthly claims basis to cover for vacant posts, sickness, absence, etc.

<b>Staff Costs for the Above Persons:</b>	2011 £'000	2010 £'000
Teaching departments	22,163	17,573
Teaching support services	3,341	3,079
Other support services	886	711
Administration and central services	2,580	2,116
Premises	900	674
Catering and Residences	497	425
Farming activities	119	34
Retirement and restructuring costs	359	451
	30,845	25,063

<b>Analysed by :</b>	2011 £'000	2010 £'000
Wages and salaries	25,449	20,465
Social security costs	1,836	1,478
Pension costs (including FRS 17 adjustments)	3,201	2,669
Retirement and restructuring costs	359	451
	30,845	25,063

COLEG LLANDRILLO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2011

6 STAFF COSTS cont'd

	2011 £'000	2010 £'000
<b>Total staff costs, split by type of contract ,were:</b>		
Employment costs for staff on permanent contracts	30,032	24,067
Employment costs for staff on short-term and temporary contracts	454	545
Retirement and restructuring costs	359	451
	<u>30,845</u>	<u>25,063</u>

The restructuring costs were approved by the College's Employment and Safety Committee.

The number of senior postholders and other staff, including the Principal who received emoluments in the following ranges was as follows.

	2011 Number	2010 Number
£60,001 to £70,000	12	9
£70,001 to £80,000	1	1
£80,001 to £90,000	-	1
£90,001 to £100,000	2	4
£100,001 to £110,000	1	-
£160,001 to £170,000	-	-
£170,001 to £180,000	-	1
£180,001 to £190,000	1	-
	<u>17</u>	<u>16</u>

7 SENIOR POST- HOLDERS

Senior post-holders are defined as the Principal and holders of other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2011 Number	2010 Number
Number of senior postholders including the Principal was	5	6

Senior post-holders emoluments are made up as follows:

	2011 £	2010 £
Salary (including increment and pay award)	511,227	498,440
Benefits in kind	16,238	16,455
Pension contributions	70,562	68,490
<b>Total emoluments</b>	<u>598,027</u>	<u>583,385</u>

## COLEG LLANDRILLO

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 JULY 2011

##### 7 SENIOR POST- HOLDERS cont'd

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post holder) of:

	2011	2010
	£	£
Salary (including increment and pay award)	162,356	142,306
Benefits in kind	2,598	10,262
	164,954	152,568
Pension contributions	23,007	19,950
<b>Total emoluments</b>	<b>187,961</b>	<b>172,518</b>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teacher's Pension Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Principal and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The emoluments of the Principal and Senior Post holders are reviewed by the Remuneration Committee. The pay award for 2010/11 was 2.3% in line with the national agreed award from 1 August 2010.

##### Compensation for loss of office paid to a former senior post-holder and a higher paid employee

The compensation in respect of nil (2010 : 2) former employees is as follows:

	2011	2010
	£	£
Compensation paid to a former senior post-holder	0	57,136
Estimated value of other benefits, including provisions for pension benefits	0	80,419

The estimated value of other benefits has been calculated in accordance with Financial Reporting Standard 17.

##### 8 OVERSEAS ACTIVITIES – excluding student overseas activity

The following costs were incurred during 2010-2011 in respect of overseas activities which were carried out in accordance with the strategy approved by the Corporation Board. Many visits were subsidised through grants received.

	Travel and Accommodation	Subsistence	Other Costs	Number of Visits Visits Number
	£	£	£	Number
Governors	0	0	0	0
Senior Postholders	2,107	191	242	3
Other individuals	40,625	4,437	2,986	28

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

<b>9 OTHER OPERATING EXPENSES</b>	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Teaching departments	3,795	3,626
Teaching support services	117	97
Other support services	354	329
Administration and central services	1,729	1,731
General education expenditure	1,581	1,402
Premises Costs Running Costs	1,782	1,414
Premises Costs Maintenance	905	695
Premises Costs Rents and Leases	356	259
Long term maintenance	150	150
Other expenses	1,336	1,042
	<b>12,105</b>	<b>10,745</b>

Other operating expenses include:

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration		
- external audit	27	26
- internal audit	26	18
Operating lease rentals		
- hire of plant and machinery	2	2
- property leases	68	96

**10 INTEREST AND OTHER FINANCE COSTS**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
On bank loans:		
Repayable within five years, not by instalments	0	0
Repayable within five years, by instalments	0	0
Repayable wholly or partly in more than five years	276	299
	<b>276</b>	<b>299</b>
On finance lease	0	0
Pension finance costs ( note [28])	139	177
	<b>415</b>	<b>476</b>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**11 TAXATION**

No provision for Corporation Tax or deferred taxation has been made in respect of the College.

**12 SURPLUS ON CONTINUING OPERATIONS FOR THE PERIOD**

The surplus on continuing operations for the year is made up as follows:

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
College's surplus for the period	<b>1,511</b>	<b>1,220</b>
Total	<b>1,511</b>	<b>1,220</b>

**13 TANGIBLE FIXED ASSETS**

	<b>Land and Buildings Freehold £'000</b>	<b>Assets in the Course of Construction £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or deemed cost</b>				
At 1 August 2010	59,238	4,286	5,137	68,661
Transfer	4,283	(4,283)	0	0
Additions	1,692	4,754	600	7,046
Retirement of assets	0	0	(1,740)	(1,740)
At 31 July 2011	<b>65,213</b>	<b>4,757</b>	<b>3,997</b>	<b>73,967</b>
<b>Accumulated Depreciation</b>				
At 1 August 2010	11,597	0	4,126	15,723
Transfer	0	0	0	0
Charge for year	1,895	0	614	2,509
Retirement of assets	0	0	(1,740)	(1,740)
At 31 July 2011	<b>13,492</b>	<b>0</b>	<b>3,000</b>	<b>16,492</b>
<b>Net book value at 31 July 2011</b>	<b>51,721</b>	<b>4,757</b>	<b>997</b>	<b>57,475</b>
Net book amount at 31 July 2010	<b>47,641</b>	<b>4,286</b>	<b>1,011</b>	<b>52,938</b>

## COLEG LLANDRILLO

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 JULY 2011

#### 13 TANGIBLE FIXED ASSETS cont'd

	<b>Land and Buildings Freehold £'000</b>	<b>Assets in the Course of Construction £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
Inherited	8,282	0	0	8,282
Financed by Capital Grant	30,568	4,757	661	35,986
Other	12,871	0	336	13,207
<b>Net book value at 31 July 2011</b>	<b>51,721</b>	<b>4,757</b>	<b>997</b>	<b>57,475</b>

(i) The freehold interests in land and buildings occupied by the College, previously held by Clwyd County Council, were formally transferred to the College on 1 April 1993. The value at which the land and buildings are included in the balance sheet, reflects the valuation at depreciated replacement cost undertaken by Chestertons, Chartered Surveyors as at 14 July 1994. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been included at their net book amount at 1 April 1993.

(ii) Under the terms of the Further and Higher Education Act 1992, the title of all assets used by the College before 1 April 1993 became vested in the College at that date.

(iii) In addition to the assets transferred on 1 April 1993, the College has purchased buildings in Rhyl and Denbigh and uses of a number of leased properties throughout North Wales. The College uses school premises for community courses.

(iv) Land and buildings with a net book amount of £8,282,000 (2010- £8,723,000) have been funded from exchequer funds. Should these assets be sold, the College would either have to surrender the sale proceeds to the Welsh Government or use them in accordance with the financial memorandum with the Welsh Government.

(v) On 1 April 2010 Coleg Llandrillo and Coleg Meirion Dwyfor merged. The assets of Coleg Meirion Dwyfor were shown as a transfer in the above note in the prior year.

#### 14 FIXED ASSET INVESTMENTS

	<b>2011 £'000</b>	<b>2010 £'000</b>
Investment in shares	47	49

The shares were transferred from Coleg Meirion Dwyfor to Coleg Llandrillo following the merger. The investment in shares relate to shares held as part of a milk co-operative.

#### 15 STOCK

	<b>2011 £'000</b>	<b>2010 £'000</b>
Stock	448	379

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**16 DEBTORS**

	2011	2010
	£'000	£'000
<b>Amounts Falling Due Within One Year</b>		
Trade Debtors	926	550
Prepayments and accrued income	1,022	995
Amounts owed by the Welsh Government and associated bodies	231	712
	<u>2,179</u>	<u>2,257</u>

**17 CURRENT ASSET INVESTMENTS**

	2011	2010
	£'000	£'000
<b>95 Day Account</b>	<u>501</u>	<u>0</u>

The College has invested in an account that requires 95 days notice to access the funds.

**18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£'000	£'000
Bank Loan	288	266
Obligations under finance leases	0	0
Trade creditors	368	719
Other taxation and social security	3	3
Accruals and deferred income	3,573	3,962
	<u>4,232</u>	<u>4,950</u>

**19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011	2010
	£'000	£'000
Bank Loan	2,888	3,176
Deferred income	83	92
Amounts owed to the Welsh Government and associated bodies	0	0
	<u>2,971</u>	<u>3,268</u>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**20 BORROWINGS**

**Bank Loan**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loans are repayable as follows:		
In one year or less	288	266
Between one and two years	327	288
Between two and five years	1,186	1,083
In five years or more	1,375	1,805
	<b>3,176</b>	<b>3,442</b>

Bank loans totalling £3,176,000 are at fixed rates of 10.19%, 8.34% and 6.54%, repayable by instalments falling due between August 1996 and January 2018. The total of the bank loans are secured by a fixed charge on the freehold land and buildings of the College.

**21 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Early Retirement Costs</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 August 2010</b>	<b>1,975</b>	<b>1,975</b>
Charged to income and expenditure account	57	57
<b>At 31 July 2011</b>	<b>2,032</b>	<b>2,032</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employment. The provision has been calculated in accordance with the Accounts Direction Circular 2010/2011. The provision has been calculated following the change of pension increase assumption of CPI

The principal assumption for this calculation are:

	<b>2011</b>	<b>2010</b>
Net interest rate	<b>2.75%</b>	<b>3.00%</b>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**22 DEFERRED CAPITAL GRANTS**

	DFES £'000	Other grants £'000	Total £'000
<b>At 1 August 2010</b>			
Buildings	29,508	1,407	30,915
Equipment	171	55	226
	<u>29,679</u>	<u>1,462</u>	<u>31,141</u>
<b>Cash received</b>			
Buildings	5,691	0	5,691
Equipment	598	213	811
<b>Released to income and expenditure account</b>			
Buildings	(1,217)	(64)	(1,281)
Equipment	(108)	(268)	(376)
<b>At 31 July 2011</b>			
Buildings	33,982	1,343	35,325
Equipment	661	0	661
	<u>34,643</u>	<u>1,343</u>	<u>35,986</u>

**23 REVALUATION RESERVE**

	2011 £'000	2010 £'000
<b>At 1 August 2010</b>	<u>8,496</u>	<u>5,004</u>
Transfer from Coleg Meirion Dwyfor	-	3,647
Depreciation on revalued assets	(214)	(155)
<b>At 31 July 2011</b>	<u>8,282</u>	<u>8,496</u>

**24 MOVEMENT ON GENERAL RESERVES**

**INCOME AND EXPENDITURE ACCOUNT**

	2011 £'000	2010 £'000
<b>At 1 August</b>	<u>13,128</u>	<u>9,412</u>
Surplus for the year	1,511	1,220
Transfer from Coleg Meirion Dwyfor	-	2,261
Transferred from the revaluation reserve	214	155
Transfer from/(to) pension reserve	(24)	80
<b>At 31 July</b>	<u>14,829</u>	<u>13,128</u>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**24 MOVEMENT ON GENERAL RESERVES**

**INCOME AND EXPENDITURE ACCOUNT cont'd**

**PENSION RESERVE**

	2011	2010
	£'000	£'000
<b>At 1 August</b>	<b>(7,871)</b>	<b>(6,924)</b>
Transfer from Coleg Meirion Dwyfor	-	(3,087)
FRS 17 movement, actuarial gain	4,731	173
Past Service Cost Adjustment	-	2,047
Transfer from/(to) income and expenditure reserve	24	(80)
<b>At 31 July</b>	<b>(3,116)</b>	<b>(7,871)</b>

**25 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2011	2010
	£'000	£'000
Surplus on continuing operations after depreciation of assets at valuation	1,511	1,220
Depreciation (note [13])	2,509	1,478
Decrease in investments	2	0
Deferred capital grants released to income (note [22])	(1,657)	(826)
FRS 17 pension cost less contributions payable	(172)	(97)
FRS 17 pension finance income	148	177
(Increase) in stocks	(69)	(370)
Decrease/(Increase) in trade debtors	(376)	(316)
Decrease in prepayments, accrued income and Welsh Government debtors	454	120
(Decrease) in trade creditors	(351)	524
(Decrease) in other taxation and social security	0	1
(Decrease)/Increase in accruals	(389)	471
Increase in provisions	57	338
(Decrease) in deferred income	(9)	(45)
Interest received	(46)	(45)
Interest paid	415	476
<b>Net cash inflow from operating activities</b>	<b>2,027</b>	<b>3,106</b>

**26 ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2011	2010
	£'000	£'000
<b>Returns on investments and servicing of finance</b>		
Interest on cash deposits received	46	45
Interest paid under finance leases	0	0
Interest paid under bank loans	(276)	(299)
Interest on pension finance	(139)	(177)
<b>Net cash (outflow) from returns on investments and servicing of finance</b>	<b>(369)</b>	<b>(431)</b>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**26 ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT cont'd**

	2011 £'000	2010 £'000
<b>Capital Expenditure and Financial Investment</b>		
Payments to acquire tangible fixed assets	(7,046)	(9,498)
Deferred capital grants received	6,502	8,335
Sale of fixed asset investments	0	30
<b>Net cash (outflow) from capital expenditure and financial investments</b>	<b>(544)</b>	<b>(1,133)</b>
<b>Management of liquid resources</b>		
Payments into short term cash deposits	(501)	0
<b>Net cash inflow from management of liquid resources</b>	<b>(501)</b>	<b>0</b>
<b>Financing</b>		
Capital element of financing lease payments	0	0
Capital element of bank loan repayments	(266)	(242)
New secured loan	0	0
	<b>(266)</b>	<b>(242)</b>

**27 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 August 2010 £'000	Cash flow £'000	Other Non Cash Changes £'000	At 31 July 2011 £'000
Cash at bank and in hand	7,335	347	0	7,682
Debt due within 1 year	(266)	(22)	0	(288)
Debt due after 1 year	(3,176)	288	0	(2,888)
<b>Total</b>	<b>3,893</b>	<b>613</b>	<b>0</b>	<b>4,506</b>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**28 PENSION AND SIMILAR OBLIGATIONS**

The College participates in two defined benefit pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Gwynedd Council. Both are defined benefit schemes.

**Total pension cost for the year:**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme:	<u>1,862</u>	<u>1,408</u>
contributions paid		
Local Government Pension Scheme:		
Contributions paid	2,002	1,688
FRS17 Charge	<u>(24)</u>	<u>(97)</u>
Charge to the Income and Expenditure account (staff	1,978	1,591
Enhanced pension income/charge to Income and Expenditure account (staff costs)		338
Total Pension Cost for Year	<u>3,840</u>	<u>3,337</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the LGPS 31 March 2010.

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

**(a) Teachers' Pension Scheme (TPS)**

The TPS is an unfunded scheme. Contributions on a 'pay-as-you-go' basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	prospective benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annums
Value of notional assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets.	98.88%

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2007 to 31 July 2010 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

## COLEG LLANDRILLO

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 JULY 2011

#### (b) Local Government Superannuation Fund

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2011 was £2,002,655 of which employers contributions totalled £1,501,460 and employees contributions totalled £501,195. The agreed contribution rates were present 18.6% for employers until 1 April 2010 when following the merger with Coleg Meirion Dwyfor the rate changed to 19%. The contribution rate for employees changed on 1 April 2011 to be dependant on the salary as shown below:

Band changes

#### Band from 1 April 2009

#### Band from 1 April 2011

<u>Whole Time Pay</u>	<u>Whole Time Pay</u>	<u>Contribution Rate</u>
£0-£12,600	£0-£12,900	5.5%
£12,601 - £14,700	£12,901 - £15,100	5.8%
£14,701 - £18,900	£15,101 - £19,400	5.9%
£18,901 - £31,500	£19,401 - £32,400	6.5%
£31,501 - £42,000	£32,401 - £43,300	6.8%
£42,001 - £78,700	£43,301 - £81,100	7.2%
More than £78,700	More than £81,100	7.5%

The contribution rates for manual workers are as follows:

<u>Year</u>	<u>Contribution Rate</u>
2008/09	5.3%
2009/10	5.5%
2010/11	6.5%
2011/12	As above table

#### FRS 17

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2011 by a qualified independent actuary.

	<u>2011</u>	<u>2010</u>
	%	%
Rate of increase in salaries	5.0	4.9
Rate of increase for pensions	2.7	2.9
Discount rate for liabilities	5.3	5.4
Inflation assumption (CPI)	2.7	2.9
Commutation of pensions to lump sums	50%	50%

#### Commutation

The actuary has included an allowance for future retirements to elect to take 50% of the maximum tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**(b) Local Government Superannuation Fund cont'd**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age of 65 are:

	<b>At 31 July 2011</b>	<b>At 31 July 2010</b>
<u>Retiring today</u>		
Males	20.5	20.8
Females	23	24.1
 <u>Retiring in 20 years</u>		
Males	23.3	22.3
Females	25.6	25.7

The College's share of the assets in the Gwynedd Council Pension Fund (of which the College's share is estimated to be 1.5%) and the expected rate of return were:

	<b>Long term rate of return at 31 July 2011 Per cent.</b>	<b>Value at 31 July 2011 £'000</b>	<b>Long term rate of return at 31 July 2010 Per cent.</b>	<b>Value at 31 July 2010 £'000</b>
Equities	7	18,990	7.3	15,951
Bonds	4.6	3,849	4.8	3,148
Cash	4	2,310	4.4	420
Property	5.1	513	5.3	1,469
Total market value of assets		<u>25,662</u>		<u>20,988</u>
Present value of scheme liabilities				
- Funded		(28,586)		(28,625)
- Unfunded		(192)		(234)
Related deferred tax liability		0		0
Deficit in the scheme		<u>(3,116)</u>		<u>(7,871)</u>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**(b) Local Government Superannuation Fund cont'd**

	<b>Year Ended 2011 £'000</b>	<b>Year Ended 31 July 2010 £'000</b>
<b>Analysis of amounts charged to the income and expenditure account:</b>		
Operating:		
Employer service cost (net of employee contributions)	1,353	592
Excess contributions in 8 months to 31 March 2010		187
Total operating charge	<u>1,353</u>	<u>779</u>
Analysis of pension finance income/(costs)		
Expected return on assets	(1,453)	(511)
Interest on pension liabilities	1,592	615
Pension finance cost for 8 months to 31 March 2010	0	73
Pension finance income/(costs)	<u>139</u>	<u>(177)</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £4,731,000 (2010: £2,047,000).

**Movement in the (deficit) :**

	<b>2011 Year Ended 31 July £'000</b>	<b>2010 Period Ended 31 July £'000</b>
Deficit in scheme at 1 August	(7,871)	(6,924)
Transfer from Coleg Meirion Dwyfor	0	(3,087)
	<u>(7,871)</u>	<u>(10,011)</u>
Deficit movement in period		
Movement in the period:		
Employer service cost (net of employee contributions)	(1,353)	(592)
Past service cost	0	2,047
Other finance (interest)/income	(139)	(177)
Curtailments and settlements	(9)	0
Employer Contributions	1,525	502
Excess contributions in period to 31 March	0	187
Actuarial gain/(loss)	4,731	173
Deficit in scheme at 31 July	<u>(3,116)</u>	<u>(7,871)</u>

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**(b) Local Government Superannuation Fund cont'd**

**Asset and Liability Reconciliation**

	2011 £000's	2010 £000's
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of year</b>	<b>28,859</b>	<b>19,610</b>
Transfer from Coleg Meirion Dwyfor	0	14,154
Service cost	1,353	592
Interest cost	1,592	615
Employee contributions	514	167
Actuarial loss/(gain)	(2,970)	(4,065)
Benefits paid	(579)	(167)
Past Service cost	0	(2,047)
Curtailments and settlements	9	0
<b>Liabilities at end of year</b>	<b>28,778</b>	<b>28,859</b>
<b>Reconciliation of Assets</b>		
<b>Assets at start of year</b>	<b>20,988</b>	<b>12,686</b>
Transfer from Coleg Meirion Dwyfor	0	8,713
Expected return on assets	1,453	511
Actuarial gain	1,761	(1,424)
Employer contributions	1,525	502
Employee contributions	514	167
Benefits paid	(579)	(167)
<b>Assets at end of year</b>	<b>25,662</b>	<b>20,988</b>

The estimated value of employers contributions for the year ended 31 July 2011 is £1,447,000. The present value of unfunded liabilities is £192,000 ( 2010 - £ 234,000).

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Value of assets	25,662	20,988	12,686	12,159	11,979
Present value of liabilities	28,778	28,859	19,610	15,111	13,288
History of experience gains and losses					
Difference between the expected and actual return on assets:					
amount	1,761	(1,424)	(1,695)	(1,904)	414
Experience gains and losses on scheme liabilities:					
amount	1,983	2	4	708	0
Total amount recognised in STRGL					
amount	4,731	(3,394)	(4,164)	(1,748)	1,715

## COLEG LLANDRILLO

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 JULY 2011

#### 29 POST - BALANCE SHEET EVENTS

Coleg Llandrillo and Coleg Menai are in discussions with a view to merge on 1 April 2012. Both Colleges held Board meetings at the beginning of December 2011 and agreed to proceed with the merger process. The merged institution will be known as Grŵp Llandrillo-Menai.

#### 30 CAPITAL COMMITMENTS

	2011 £'000	2010 £'000
Authorised but not committed as at 31 July	0	7,003
Commitments contracted for at 31 July	1,800	2,652
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0

#### 31 FINANCIAL COMMITMENTS

At 31 July 2011 the College had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings £'000	Other £'000
Expiring between two and five years inclusive	0	2
Expiring in over five years	68	0
	68	2

#### 32 CONTINGENT LIABILITIES

The Board is not aware of any material claims or contingent liabilities

#### 33 RELATED PARTY TRANSACTIONS

Due to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The College supports the seven principles of public life set out by the Nolan Committee. In this respect the College believes that the principle of openness leads to a requirement for the disclosure of transactions not required by FRS 8. Accordingly set out below are the aggregate payments made and income received by organizations which are connected to a Board member.

**COLEG LLANDRILLO**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2011**

**33 RELATED PARTY TRANSACTIONS cont'd**

Connected Board Members	Organisation	Income £	Payments £
Mr J Bellis	Careers Wales	-	20,351
	Colleges Wales	24,854	24,383
Mr WSH Evans	CBI	-	9,567
	Gillian Evans	-	6,541
Mr D Owens	Denbighshire County Council	2,535	90,300
Cllr Wyn Jones	Conwy County Borough Council	320,251	136,472
Mr A W Thomas	J W Hughes and Co	-	5,568
Mr D W Williams	University of Bangor	3,316	15,215

None of the Board members mentioned above were involved in the approval of the contracts with the above companies.

**34 FINANCIAL CONTINGENCY FUND**

The Coleg Llandrillo allocation was distributed as follows:

	Hardship		FE Access Fund		Total	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
DFES grants	10	10	669	523	679	533
Interest earned	0	0	0	0	0	0
Disbursed to students	(5)	(10)	(569)	(383)	(574)	(393)
Administration Costs	(1)	0	(15)	(15)	(16)	(15)
Consolidated in financial statements	0	0	(85)	(125)	(85)	(125)
Returned to DFES	(4)	0	0	0	(4)	0
Balance unspent	0	0	0	0	0	0

DFES grants are available solely for students. In the majority of cases the College acts only as a paying agent. In these circumstances the grants and related expenditure are excluded from the Income and Expenditure account. The income and expenditure consolidated in the College's financial statements relates to the provision of transport and nursery care by the College on the student's behalf as well as staff costs for administration of the fund.