

Company registered No: 7550507

Charity registered No: 1143525

Y COLEG CYMRAEG CENEDLAETHOL

**Report of the Trustees and Financial Statements
For the year ended 31 March 2021**

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for the year ended 31 March 2021**

	PAGE
LEGAL AND ADMINISTRATIVE INFORMATION	1
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021	2
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Y COLEG CYMRAEG CENEDLAETHOL	9
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2021	12
BALANCE SHEET AS AT 31 MARCH 2021	13
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021	14
NOTES TO THE FINANCIAL STATEMENTS	15

Legal and administrative information

Trustees and Directors

Chair Llinos Ann Roberts (appointed as interim Chair on 4 July 2021)

Directors Pedr ap Llwyd
William David Callaway
Professor Thomas Gerald Hunter
Gwilym Dyfri Jones
Dr Thomas Hefin Jones (term ended 31 March 2021)
Dr Rhodri Llwyd Morgan (term ended 3 November 2021)
Professor Hywel Rhys Thomas (term ended 31 March 2021)
Angharad Mai Roberts
Nia Elias
Meri Huws
Dr Anwen Jones (appointed 17 March 2021)
Professor Enlli Môn Thomas (appointed 1 April 2021)
Ann Beynon (appointed 1 April 2021)
Rhys Evans (appointed 17 November 2021)
Gareth Ellis Pierce (deceased 3 July 2021)

Registered office Y Llwyfan
Heol Y Coleg
Caerfyrddin
Sir Gaerfyrddin
SA31 3EQ

Registered number 07550507 (England and Wales)

Status Company limited by guarantee

Charity number 1143525

Report of the Trustees for the year ended 31 March 2021

The Trustees are pleased to present their annual report, together with the Charity's audited financial statements for the year ended 31 March 2021 which also meet the requirements for a directors' report and financial statements for the purposes of the Companies Act.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, the Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with Financial Reporting Statement applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) (Charities SORP (FRS102)).

Chair's Report

This year's report will be presented by the interim Chair of the Coleg's Board of Directors. The Coleg's Chairman, Gareth Pierce, died suddenly on 3 July 2021. The Coleg owes a great deal of debt to Gareth for his tireless work in steering the Coleg skilfully throughout the pandemic, including holding constructive discussions with the Welsh Government to secure an additional budget for the Coleg for 2021/22 and beyond. Wales owes him a debt of gratitude for his contribution to education across decades and we extend our deepest condolences to his spouse, family and acquaintances.

The pandemic overshadowed all the Coleg's activities during the year 2020/21, but the Coleg has been effective and flexible in responding to the challenges by adapting its working methods and plans and ensuring that as many of our activities as possible continue (in some form).

In Higher Education the funding regime through Subject Grants continues and Coleg officials are working closely with universities and individual departments within the universities to ensure that ambitious goals are achieved. The Associate Lecturer Scheme continues to grow to include all Welsh-medium lecturers in those academic departments / schools in receipt of Subject Grants.

Over 3,000 learners and students, over 2,000 prospective students and over 1,000 staff enrolled as members of the Coleg's academic community. Over 600 student scholarships were awarded - a record number. The Coleg co-ordinated a major project to develop Welsh medium digital learning materials funded by the Higher Education Funding Council for Wales during the year, bringing together academic staff from a number of institutions and subjects to enhance the resources available to students. Two issues of *Gwerddon* have been published along with comprehensive resources such as the Sociology Multimedia Resource Pack, the JOMEC Pod podcast series in Welsh, the Fitness Tests website, Spanish / Welsh *Animo* resources, and an influential report on Second homes: Developing new policies in Wales.

The Coleg has also undertaken significant work in Further Education and Apprenticeships. Significant planning has taken place and the first series of Development Grants to support jobs in priority areas have been awarded.

The COVID crisis and its effects will influence the Coleg and its partners for a considerable time to come.

We thank everyone who has worked within and outside the Coleg in responding proactively to this unprecedented time.

Report of the Trustees for the year ended 31 March 2021

Our purpose and activities

Charitable objects

The Coleg's aim will be, in the public interest, to promote learning and knowledge by:

- (a) promoting, maintaining, developing and planning Welsh-medium and Welsh language provision and related activities in higher education, further and continuing education institutions in Wales, working with higher education, further education, schools and partner institutions in Wales; and
- (b) to promote, maintain, develop and plan the learning, acquisition, improvement and advancement of Welsh language communication skills for people in general with suitable organisations in Wales and elsewhere.

Public benefit

The Trustees have had regard to the Charity Commission's guidance on public benefit recognising three principles of public benefit and believe that the Coleg, as a charity, meets those principles. The Coleg's Objectives are set out above.

- a) There must be identifiable benefit or benefits that are clear, linked to the Coleg's aims and weighed against any detriment or harm.
- b) There must be benefits to the public or a section of the public. The beneficiaries must be appropriate to the aims and, where benefit is offered to a section of the public, the opportunity to benefit should not be unreasonably restricted and people in poverty should not be excluded from benefiting.
- c) Those individuals who wish to receive higher education, further education, and who wish to learn in the workplace through the medium of Welsh are the potential beneficiaries of the Coleg's activities. This is open to all who have the required skills and the determination to seek higher education in this way.

Achievements and performance

These are set out in the Chair's Report.

Plans for future periods

The short to medium term plans in 2021/22 and beyond will be impacted significantly by COVID and its impacts on the Higher Education sector in Wales. The Coleg will work with its partners, including Welsh Government, to plan, develop, secure and supervise where possible any Welsh medium or bilingual activities. The Coleg will also aim to seize opportunities that are presented e.g. development of secondary education to promote Welsh language and bilingual education. The Coleg will act strategically within the Higher Education, Further Education and Apprenticeships sector to develop and maintain Welsh medium and bilingual provision of the first degree, and consequently make a significant contribution to the target of achieving One Million Welsh Speakers.

Report of the Trustees for the year ended 31 March 2021 (continued)

Directors

The directors who were in office during the year and up to the date of signing the financial statements are stated below.

Pedr ap Llwyd
William David Callaway
Professor Thomas Gerald Hunter
Gwilym Dyfri Jones
Dr Thomas Hefin Jones (until 31 March 2021)
Dr Rhodri Llwyd Morgan (until 3 November 2021)
Llinos Ann Roberts
Professor Hywel Rhys Thomas (until 31 March 2021)
Angharad Mai Roberts
Nia Elias
Meri Huws
Dr Anwen Jones (appointed on 17 March 2021)
Professor Enlli Môn Thomas (appointed on 1 April 2021)
Ann Beynon (appointed on 1 April 2021)
Rhys Evans (appointed on 17 November 2021)
Gareth Ellis Pierce* (deceased 3 July 2021)

Financial review

The results and financial position for the year ended 31 March 2021 are set out on pages 12 to 23. Revenue arises largely from funds received from the Welsh Government. The majority of the costs in the year have been costs related to the funding the Coleg's program of activities, in the form of grant funding to universities, further education colleges and apprenticeship providers, and central running costs the Coleg.

The Coleg's financial results during this year have been significantly affected by an unrealised increase in the value of the Coleg's investments.

Investment policy

The Coleg's Finance and General Purposes Committee have ratified an investment policy on behalf of the Coleg which provides a framework for the Coleg's investments including ethical considerations upon investing. The Committee has appointed Sarasin as investment managers and the Coleg formally monitors investment performance on a quarterly basis through the Committee.

Reserves policy and going concern

The Trustees are satisfied that the Coleg's assets are adequate to fulfil its obligations in relation to its projected commitments. The Trustees have carefully considered the possible financial implications of COVID on the Coleg. Welsh Government have committed to continuing to fund and support the Coleg's work, and this is evidenced by statements issued by Welsh Ministers on the floor of the Senedd.

The level of reserves is considered appropriate to ensure that the Coleg is able to meet its objectives and is consistent with the Reserves Policy, which indicates that an unrestricted reserve of at least £2 million is required. The Trustees have also noted that the Coleg's reserves are now in the region of £3 million which provides assurance that contingencies arise in the event of unexpected issues arising from COVID. The Coleg will consider further its reserves policy in 2021/22 following the pandemic.

Report of the Trustees for the year ended 31 March 2021 (continued)

Structure, governance and management

The Board comprises the Chair and 12 members appointed in accordance with the Coleg's Governance Instrument. A clear distinction is drawn between the role of the Chair and that of the Coleg's Chief Executive. Those matters specifically reserved to the Board for decision are set out in the Articles of Association of the Coleg. The Board holds to itself the responsibilities for the ongoing strategic direction of the Coleg, the effective and efficient use of resources and the approval of major developments and receives regular reports from senior management.

The Board normally meets three times a year and has five standing committees (Academic Board, Post-16 Strategic Group, Audit and Risk Committee, Finance and General Purposes Committee, and Governance Appointments and Standards Committee).

The Academic Board advises the Board of Directors on academic matters within the Higher Education sector. It provides an ongoing focus on academic planning at the Coleg within Higher Education and provides a forum for maintaining formal communication between the Coleg and its university branches. The Coleg has also initiated the Post-16 Strategic Board in 2020/21. The Board advises the Directors and the Coleg on matters relating to Further Education and Apprenticeships and oversees progress against the Further Education and Apprenticeships Strategic Plan.

The Audit and Risk Committee advises and supports the Coleg Board of Directors and officers by providing them with independent assurance on the effectiveness of the Coleg's internal control, corporate governance and risk management. The Audit and Risk Committee also makes recommendations regarding the appointment of internal and external auditors and reviews the Coleg's financial statements, and prior to submission to the Board, reviews the management letter and receives and considers progress reports on areas of significant risk identified by academic managers. In addition, the Audit and Risk Committee receives and considers reports as they affect Coleg business and monitors compliance with regulatory requirements. Although senior officers attend Audit and Risk Committee meetings as required, they are not members of the Committee.

The Coleg's internal auditors TIAA have undertaken several reviews during 2020/21 including reviews of Key Financial Controls, Staff Welfare and Absence Management, General Data Protection Regulations, Cyber Security, and Academic Branches - Business Continuity in the Pandemic. These reviews are undertaken to provide assurance to the Audit Committee over the design and implementation of the Coleg's controls and to identify opportunities for improvement.

As a charitable company, the Coleg is governed by its Memorandum and Articles of Association, which provide for the appointment and reappointment of Trustees. In order to ensure an independent element to the appointment of Trustees, the Board established a Governance Appointments and Standards Committee. The Committee is responsible for maintaining the appointment processes of members of the Coleg Board of Directors, including the Chair, and other committee members within the governance structure of the Coleg Board of Directors. The Committee also oversees standards of governance within the Coleg Board of Directors.

Trustees are appointed for an initial term of four years, renewable for a maximum of another four year term. Meetings of the Trustees are attended by members of the Coleg's management team, in particular the Chief Executive and members of the senior management team, who present papers on their areas of responsibility.

The Trustees exercise oversight and supervision of all the Coleg's main functional areas, including academic development and planning, finance, human resources, health and safety, staff development, marketing / communications, and information services.

The Trustees decide on the strategy for the Coleg. The implementation of the strategy and the operational management is delegated to the Chief Executive and his colleagues.

Report of the Trustees for the year ended 31 March 2021 (continued)

Structure, governance and management (continued)

The Coleg is committed to high standards of corporate governance. This statement describes how the relevant principles of corporate governance are applied to the Coleg.

Risk management strategy

The Board carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The directors discharge this responsibility through the following elements:

- Effective review by the Board and relevant committees, particularly the Audit and Risk Committee;
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems;
- The identification and management of risk embedded in all business systems.

The Coleg's approach for the effective management of risk is set out below:

- The Coleg focuses on the active management of risk as an integral part of the management process within every part of the organisation;
- As part of the risk management framework, the Coleg clearly identifies risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the Coleg's reputation, its financial position or its day to day operations or any combination thereof;
- The Coleg actively encourages all managers to consider risk implications of each major decision, contract or project as a normal part of their day to day work;
- The Coleg integrates risk management into the annual planning process which is the means by which the Board of Directors determine and co-ordinate the Coleg's academic and other activities;
- The Board and the senior management team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the Coleg's risk register;
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The management team effectively operates the risk management procedures as part of the day to day operation of the Coleg.
- The Board requires the Audit and Risk Committee to undertake an assessment three times a year of significant risk through a snapshot assessment, and the Coleg's risk register has been further developed and enhanced in consultation with internal audit. The assessment is recorded through the risk register and is part of the ongoing process of risk management. The risk register identifies significant risks and contains details of:
 - the nature of the risk
 - its potential and likelihood of the impact
 - the 'owner' of the risk
 - the control processes which manage the risk
 - the potential and likelihood of the impact following the control processes

The Audit and Risk Committee regularly reviews the adequacy of the process of risk management at the Coleg as it continues to be developed.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Coleg's significant risks that has been in place for the year ended 31 March 2021 and in place up to the date of approval of the annual report and financial statements and that it is regularly reviewed by the Board.

Report of the Trustees for the year ended 31 March 2021 (continued)

Statement of Trustees' responsibilities

The Trustees (who are also directors of Y Coleg Cymraeg Cenedlaethol for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors' are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Y Coleg Cymraeg Cenedlaethol

**Report of the Trustees
for the year ended 31 March 2021 (continued)**

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 17/11/21 and signed on their behalf by:



Gwilym Dyfri Jones
Y Coleg Cymraeg Cenedlaethol

Independent auditors' report to the members of Y Coleg Cymraeg Cenedlaethol

Report on the audit of the financial statements

Opinion

In our opinion, Y Coleg Cymraeg Cenedlaethol's financial statements (the "financial statements"):

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

We have audited the financial statements, included within the Report of the Trustees and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2021; the statement of financial activities (including the income and expenditure account), the statement of cash flows for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charitable company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required

Independent auditors' report to the members of Y Coleg Cymraeg Cenedlaethol (continued)

to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report of the Trustees

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Trustees. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities set out on page 7, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for 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.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the charitable company/industry, we identified that the principal risks of non-compliance with laws and regulations related to employment and charity related legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions designed to overstate the financial performance and position of the company. Audit procedures performed included:

- Reviewing Board minutes and holding discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Using computer based audit techniques to identify and test higher risk manual journals, in particular those considered to have unusual account combinations;
- Obtaining third party confirmations of all the company's banking and financing arrangements.

Independent auditors' report to the members of Y Coleg Cymraeg Cenedlaethol (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Report of the Trustees; and take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Jonathan Bound (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

18 November 2021

Statement of financial activities (including the income and expenditure account) for the year ended 31 March 2021

	Note	2021	2020
		£000	£000
Income			
Charitable activities	3	7,545	7,027
Investment income		88	91
Total incoming resources		7,633	7,118
Expenditure			
Charitable activities	4	(7,476)	(6,733)
Total expenditure		(7,476)	(6,733)
Net operating income for the year		157	385
Unrealised investment gains/(losses)		368	(103)
Interest expense		(7)	(12)
Net movement in funds		518	270
Reconciliation of funds			
Fund balances brought forward at the beginning of the year		2,859	2,589
Fund balances carried forward at the end of the year		3,377	2,859

All gains and losses recognised in the year are included in the Statement of Financial Activities.

All incoming resources and resources expended are derived from continuing activities.

Balance sheet as at 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	6	56	72
Investments	7	3,518	2,814
Current assets			
Debtors	8	520	589
Cash and cash equivalents		327	202
Total current assets		847	791
Creditors: amounts falling due within one year	9	(629)	(389)
Net current assets		218	402
Total assets less current liabilities			
Pension provision	10	(415)	(430)
Net assets		3,377	2,859
The funds of the charity			
Total charity funds / unrestricted income funds		3,377	2,859

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual financial statements required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements on pages 12 to 23 were approved by the Trustees and signed on their behalf by:



Gwilym Dyfri Jones
Director

Date 17. 11. 21.

The notes on pages 15 to 23 form part of these financial statements.

Statement of cash flows for the year ended 31 March 2021

	2021	2020
	£000	£000
Cash generated from/(used in) operating activities (see below)	419	(205)
Cash flows from investing activities		
Interest income	88	91
Purchase of investment assets	(859)	(1,086)
Disposal of investment assets	501	300
Purchase of tangible fixed assets	(17)	(64)
Cash used in investing activities	(287)	(736)
Cash flows from financing activities		
Interest expense	(7)	(12)
Cash used in financing activities	(7)	(12)
Increase/(decrease) in cash and cash equivalents in the year	125	(953)
Cash and cash equivalents at the beginning of the year	202	1,155
Total cash and cash equivalents at the end of the year	327	202

Note to the Statement of cash flows

(a) Reconciliation of net movements in funds to net cash flow provide by/(used in) operating activities

	2021	2020
	£000	£000
Net movement in funds	518	270
Add back depreciation charge	33	30
(Deduct) / Add back realised and unrealised investment gains	(368)	103
Deduct interest income shown in investing activities	(88)	(91)
Decrease /(Increase) in debtors	69	(414)
Increase in creditors	240	172
Movement in pension provision	15	(275)
Net cash generated from/(used in) operating activities	419	(205)

Notes to the financial statements for the year ended 31 March 2021

1 Statement of Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with the Charities Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The charity is a Public Benefit Entity as defined by FRS 102.

(b) Taxation

As a registered charity, the charity is generally exempt from corporation tax under sections 466 to 493 Corporation Tax Act 2010, provided the income arising is applied for charitable purposes. Section 256 TCGA 1992 also provides an exemption from tax on capital gains, provided the gains are applied for charitable purposes. No tax charge arises in the year.

(c) Income and recognition policies

Items of income are recognised and included in the financial statements when all of the following criteria are met:

- The Charity has entitlement to the funds;
- Any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

(d) Interest receivable

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

(e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity.

(f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities including the costs of educational activities undertaken to further the purposes of the charity and their associated support costs; and
- Other expenditure represents those items not falling into any other heading.

(g) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance personnel, payroll and governance costs which support the educational activities. The bases on which support costs have been allocated are set out in note 4.

Notes to the financial statements for the year ended 31 March 2021 (continued)

1 Statement of Accounting Policies (continued)

(h) **Tangible fixed assets**

Fixed assets are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

	Annual rate
Office equipment	10-25%
Computer equipment	33%

(i) **Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

(j) **Investments**

Investments are valued at the quoted bid price. Unrealised gains or losses are derived from the movement in the market value in the year.

(k) **Cash and cash equivalents**

Cash and cash equivalents includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(l) **Creditors**

Short term creditors are measured at transaction price (which is usually the invoice price).

(m) **Financial instruments**

The charitable company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Notes to the financial statements for the year ended 31 March 2021 (continued)

1 Statement of Accounting Policies (continued)

(m) Financial instruments (continued)

i. Financial assets (continued)

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

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

(n) Pension schemes

The principal defined benefit pension scheme for the Coleg's staff is the Universities Superannuation Scheme (USS). The scheme is a funded defined benefit scheme. The funds are actuarially valued every three years by a professionally qualified actuary using either the aggregate method or the attained age method with the rates of contribution payable being determined by the scheme's trustees on the advice of the actuary. The latest available actuarial valuation of the scheme at 31 March 2021 was the March 2018 valuation. A valuation of the scheme at 31 March 2020 is currently being undertaken.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to Coleg members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Notes to the financial statements for the year ended 31 March 2021 (continued)

1 Statement of Accounting Policies (continued)

(o) Significant estimates and judgements

Significant estimates and judgements used in the preparation of this financial information were as follows:

(i) Retirement benefit obligations

The USS is accounted for as a defined contribution scheme as insufficient information is available to use defined benefit accounting. However, as the Coleg is contractually obliged to pay contributions into the USS to fund past deficits, this element of the obligation is provided for on the balance sheet.

The deficit recovery plan put in place by the USS sets out the proportion of annual contributions that relate to past deficit recovery, and the period for which these are committed. These committed deficit contributions are re-assessed with each triennial valuation of the scheme, and form the basis of the provision, together with assumptions on appropriate inflation and discount factors. These assumptions impact the level of the provision calculated. Further detail is provided within Note 10.

2 Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member.

3 Charitable activities

Donations

	2021	2020
	£000	£000
Welsh Government grants	6,621	6,357
Other income	924	670
	7,545	7,027

4 Analysis of expenditure

The key items of expenditure are as follows:

	2021	2020
	£000	£000
Charitable activities		
Funding of Education projects	5,642	4,969
Coleg employment costs – direct	719	695
Reduction in USS provision (note 10)	(1)	(275)
Coleg employment costs – support	547	569
Governance costs	51	42
Support costs	518	733
	7,476	6,733
	2021	2020
	£000	£000
Support costs		
Marketing and communications	50	194
Training	26	40
Network agreement costs	179	221
Rent	119	88
Administration	144	190
	518	733

Notes to the financial statements for the year ended 31 March 2021 (continued)

4 Analysis of expenditure (continued)

Costs are allocated to support costs based on an analysis of the purpose for which the costs were incurred.

	2021	2020
	£000	£000
Governance costs		
External audit	16	14
Internal audit	12	11
Trustee meetings	23	17
	51	42

Resources expended include the following costs:

	2021	2020
	£000	£000
Depreciation	33	30

5 Analysis of staff costs and Trustees' remuneration and expenses

Trustees received no emoluments during the year (2020: £nil). Expenses of £4,375 (2020: £11,442) have been paid to the Trustees. Expenses were paid to 5 Trustee (2020: 7).

Staff costs

The average monthly number of persons employed by the Coleg during the year was 27 (2020: 27).

	2021	2020
	£000	£000
Wages and salaries	969	961
Social security costs	106	101
Other pension costs	210	198
	1,285	1,260

Set out below are details of employees with salaries in excess of £60,000:

	2021	2020
	Number	Number
£60,000 - £70,000	-	2
£70,000 - £80,000	2	1
£80,000 - £90,000	1	-

Notes to the financial statements for the year ended 31 March 2021 (continued)

6	Tangible assets	Office equipment £000	Computer equipment £000	Total £000
	Cost			
	At 1 April 2020	56	234	290
	Additions	-	17	17
	At 31 March 2021	56	251	307
	Accumulated depreciation			
	At 1 April 2020	49	169	218
	Charge for the year	3	30	33
	At 31 March 2021	52	199	251
	Net book value			
	At 31 March 2021	4	52	56
	At 31 March 2020	7	65	72

7	Investments	2021 £000	2020 £000
	At 1 April	2,814	2,131
	Additions	859	1,086
	Disposals	(501)	(300)
	Net unrealised gains/(losses) in the year	346	(103)
	At 31 March	3,518	2,814

Investments are held in United Kingdom managed investment funds.

The investments comprise £301,000 (2020: £302,000) invested in a Liquidity fund and £3,216,000 (2020: £2,490,000) invested in Open-End Funds. All investments are held in funds incorporated in the United Kingdom.

8	Debtors	2021 £000	2020 £000
	Trade debtors	422	455
	Prepayments and accrued income	98	134
		520	589

9	Creditors: amounts falling due within one year	2021 £000	2020 £000
	Trade creditors	209	266
	Other tax and social security	23	26
	Accruals and deferred income	397	97
		629	389

Notes to the financial statements for the year ended 31 March 2021 (continued)

10 Pension provision

	Obligation to fund deficit on USS pension £000
At 1 April 2020	430
Contributions paid	(20)
Decrease in provision	(1)
Interest expense	6
At 31 March 2021	415

USS deficit

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management has assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision based on conditions existing at that point in time.

The key assumptions applied at the end of the reporting period were as follows:

	2021 %	2020 %
Salary growth	2.50	2.50
Discount rate	1.10	1.53

11 Related party transactions

During the year, the following transactions were undertaken with related parties:

- An amount of £4,522,00 (2020: £4,969,000) was paid to Higher Education Institutions in order to fund educational activities in those institutions. These institutions are guarantors of the Coleg as set out below.
- The employee benefits of the Coleg's key management were £286,000 (2020: £338,000).

12 Company limited by guarantee

The Coleg is a company limited by guarantee and accordingly does not have a share capital.

The company guarantors are the following institutions:

- Aberystwyth University
- Bangor University
- Cardiff University
- University of South Wales
- Glyndŵr University
- Swansea University
- Cardiff Metropolitan University
- University of Wales Trinity St David
- The Open University

Notes to the financial statements for the year ended 31 March 2021 (continued)

12 Company limited by guarantee (continued)

Each member's liability is limited to £10, namely the sum which each member undertakes to contribute to the Coleg's assets should it be wound up whilst they are a member or within a year of the end of their membership, in order to:

- (a) pay the Coleg's debts and liabilities which occurred whilst they were still a member,
- (b) pay the costs, charges and expenses of winding up, and
- (c) adapt the rights of those contributors amongst each other.

13 Pension scheme

The Universities Superannuation Scheme (USS) is the main scheme covering staff, which provides benefits based on final pensionable salary for Final Salary members (now closed to new entrants) and Career Revalued Benefits (CRB) for new entrants since 2011. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to the Coleg and individual institutions and a scheme-wide contribution is set. The Coleg is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS102, accounts for the scheme as if it were a defined contribution scheme.

As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. However, under Charities SORP (FRS102), a liability is also recorded within provisions for any contractual commitment to fund past deficits within the USS. Movements in this provision can also give rise to charges to the income and expenditure account as shown in note 10 above.

14 Financial instruments

The charity has the following financial instruments:

	Note	2021 £000	2020 £000
Financial assets			
Financial assets at fair value through profit and loss			
- Investments	7	3,518	2,814
Financial assets that are debt instruments measured at amortised cost			
- Trade debtors	8	422	455
Total financial assets		3,940	3,269
Financial liabilities			
Financial liabilities measured at amortised cost			
- Trade creditors	9	209	266
- Other creditors	9	397	97
Total financial liabilities		606	363

15 **Operating lease commitments**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£000	£000
- Not later than one year	71	71
- Later than one year and not later than five years	188	259
	259	330