

GRŴP LLANDRILLO - MENAI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

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GRŴP LLANDRILLO - MENAI Annual Report

The Members of the Corporation Board of Grŵp Llandrillo - Menai (the Grŵp) present their report and audited financial statements for the year ended 31 July 2015.

1. Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Grŵp Llandrillo - Menai (the Corporation). The Grŵp is an exempt charity for the purposes of the Charities Act 2011. On 1 April 2012 Coleg Llandrillo and Coleg Menai merged following the Statutory Instrument 2012 no 631. The information within these financial statements have been produced using merger accounting and represent the combined Grŵp as though it had always been one entity.

2. Mission

Grŵp Llandrillo-Menai's mission is:

“To provide excellent education and training for our learners and clients locally, nationally and internationally”

3. Performance Indicators

3.1. Delivery

The Grŵp's aim is to meet the educational needs of the counties of Anglesey, Conwy, Denbighshire and Gwynedd through the provision of high quality education and training opportunities. Throughout 2014/15, the Grŵp taught 16,430 Further Education students (5,883 on full-time courses and 10,547 on part-time courses), 1,580 Higher Education students (598 full-time and 982 part-time) and 2,956 students through the Grŵp's work-based learning contract (all part-time). In addition, 3,502 learners were taught through bespoke learning programmes (often to industry) not funded via the Welsh Government.

The funding methodology for Further Education was fundamentally changed for the 2014/15 academic year. Previously based on credits attached to individual courses and uplifts, there is now a set value attached to a Programme of Learning for each student. The first year under the new planning and funding arrangements has proved challenging and the Grŵp has achieved 94% of the overall funding target for Further Education.

3.2. Excellence

The Grŵp's latest inspection position is as follows:

Further Education	Excellent
Workbased learning	Good, with prospects for improvement, Excellent
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.	

The inspection system for Further Education has been changed by Estyn with 3 day Annual Performance Review visits being performed along with thematic reviews. There is no overall grading given from these visits.

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Despite a further cut in the Further Education recurrent grant in the year of 2.2% (c£1m), Grŵp Llandrillo Menai have enjoyed a successful year during 2014-15, both financially and in the continued quality of its provision.

The most recent outcomes from an Estyn Inspection/Monitoring visits concluded that:

Work-based learning inspection. "Overall, the rates at which learners attain their full qualification frameworks are good. Unverified data shows that attainment rates are continuing to improve across almost all programme areas. Learners enjoy their learning and feel safe in their training environments. The quality of teaching, training and assessment is good overall with a few examples of excellent practice. Overall, the quality of care support and guidance is good and learners are supported well to help them develop their education and employability skills. Learners have access to a very wide range of training programmes and good to excellent training resources and facilities for both on and off-the-job training. Senior managers provide effective strategic direction and set clear targets for the delivery of work-based learning".

In June of 2015, a second Estyn visit reviewed the Grŵp's progress since the previous FE inspection, the overall conclusion was:

"Grŵp Llandrillo Menai has improved overall success rates by one percentage point over the last two years. Completion rates across all courses have improved by two percentage points to be one percentage point above the national comparator. For completion and attainment across all courses the Grŵp is in the top quarter of all colleges in Wales".

The "Learner Voice" survey undertaken in 2015 by the Welsh Government illustrated that Grŵp Llandrillo Menai had very high satisfaction ratings for both Teaching and Learning and Student support compared to the sector in Wales. Added to the overall success rates of learners at Grŵp Llandrillo Menai of 86% (in 2013/14), these outcomes testify to the continuing high standards of provision delivery within the Grŵp.

These inspection reports and data sets are amplified by several examples of staff and student successes:

- Former Coleg Meirion-Dwyfor student Owain Jones (21) was awarded a Medallion for Excellence in Carpentry at the WorldSkills global championships in Sao Paulo, Brazil. He was one of only four competitors from Wales selected for Team UK and the sole representative from North Wales.
- Games Development, Plastering and Nail Art students won a gold, 2 silvers and 1 bronze medal at the WorldSkills UK Skills Show 2014 at the NEC in Birmingham. The Grŵp eventually came 5th in the UK league table of medal winners.
- At the Welsh E-Learning Technologies Conference & Awards, Rhos campus Computing lecturer Emily Drennan won the 'Innovation and Creativity through the use of Digital Technology Award'. The Welsh for Adults department won the 'Original Digital Content (Further Education) Award' for their on-line support for Welsh learners with their 'Clic Clic Cymraeg' project and website.
- Construction staff won 'Commercial Digital Project' national award for 3D construction site software
- Bricklayer Osian Flynn, who studied at the Llangefni Campus, won the Guild of Bricklayers 2015 Competition.
- RWE Apprentice Ross Kenyon was crowned 'Apprentice of the Year' at an awards ceremony organised by RenewableUK.
- Nicole Evans, a catering apprentice at the Anglesey Arms Hotel in Menai Bridge, won the Traineeship Learner of the Year (Engagement) award at the Apprenticeship Awards Cymru 2014 ceremony.
- Grŵp Llandrillo Menai was re-certified as achieving the highest environmental standards, with the award of the Green Dragon national standard at level 5.
- Grŵp Llandrillo Menai's Student Union Presidents were presented with runner-up awards in two categories: 'Campaigns' and 'Student Opportunities' at the National Union of Students (NUS) Wales Awards. Coleg Llandrillo went on to win the NUS UK 'Campaigns' award later in the year.
- Coleg Llandrillo degree student, Bethan Turner, was named the winner of the Royal College of Nursing 'Welsh Health Care Support Worker of the Year' national award.
- Coleg Meirion-Dwyfor student Lois Llywelyn Williams won first prize for her poetry in a Dylan Thomas-inspired international writing competition.
- A-level students won two bronze medals and a commendation at the British Chemistry Olympiad 2014-15 competition.
- Third year Fine Art Student Sian Astley was one of just 37 new artists (selected from over 1,600 submissions throughout the UK) to be awarded a place in the Bloomberg New Contemporaries 2015 touring Exhibition.
- At the WJEC Innovation Awards, two former students won awards. Gwion Puw Jones won 3rd prize in the Innovation Competition. Morgan Mai Williams was awarded the prize for the most innovative use of Computer Aided Design.
- Sports students represented Wales and/or the UK in several disciplines, including rugby, football, athletics, squash and wheelchair basketball.

The drivers of the Grŵp's financial strategy are as follows:

- Effective and Coordinated Curriculum and financial planning based upon national strategies and local industry and community priorities
- Financial Management and reporting that allows a clear view of the overall Grŵp performance and devolves budgetary responsibility to clearly defined areas
- Maintenance of a sound Cash and Net assets position to enable the Grŵp to fund its day to day operations and invest for its future.
- Effective financial controls and risk management to ensure that Grŵp resources are not misused
- A Value for Money ethic that drives decisions throughout the organisation
- Appropriate Investment appraisal tools

The Grŵp has delivered a surplus again in a difficult economic climate.

The financial performance of the Grŵp during the 2014/15 year is summarised in the table below.

	2014/15 £'000	2013/14 £'000	Change £'000
Income	74,306	75,930	(1,624)
Expenditure	(72,235)	(75,595)	3,360
Exceptional Item	(613)	(1,122)	509
Surplus/(Deficit) for the year retained within general reserves	1,458	(787)	2,245

The exceptional item relates to the cost of voluntary redundancies in each of the last two years.

Approximately £11 million was held in cash at the year end and £2.8 million of loans. Cash holdings are important as the Grŵp must contribute towards the cost of capital projects undertaken with the Welsh Government. Without surpluses to generate cash the Grŵp would be unable to invest in its estate.

The Grŵp's major capital projects undertaken during 2014/15 were the UCCL building at Coleg Llandrillo and the CamDa development at the Marian Mawr site in Dolgellau.

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4. Partnerships and Networks

Established relationships are in place with the Conwy, Denbighshire, Anglesey and Gwynedd Local Education Authorities (LEA's). The Grŵp continues to be an active partner in all four counties and provides 14-16 and post 16 vocational courses for each of them.

In respect of Higher Education, the Grŵp is part of the Mid and North Wales regional planning group and has particularly strong partnerships with Bangor and Glyndŵr Universities. We also partner with University of South Wales, Aberystwyth University, UCLAN and Cardiff Met. The University Centre @ Coleg Llandrillo (UCCL), in partnership with Bangor University is a flagship selling point of our Higher Education Provision.

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 North Wales to access higher education closer to their homes and/or employment.

In addition, the Grŵp is an active member of the North Wales Economic Ambition Board, the Energy Island Programme Advisory Board and the two Local Services Boards in North Wales which assist in achieving the Grŵp's employer engagement mission.

5. Future Developments

The Grŵp's future funding position is subject to uncertainty with reductions in Further Education funding being allocated as part of the Welsh Government budgetary review. The Grŵp was subject to a 1.5% cut in the FE recurrent grant for 2014/15 and a further cut of 2% has been imposed for 2015/16. The funding for Higher Education continues to move from central grant based funding to fee derived income. This is not expected to have a major impact upon the level of income from Higher Education in 2015/16, although the impact of a similar funding move for Part time HE income in the future may be significant. The Grŵp has a contract for work based learning which Grŵp Llandrillo-Menai leads as principal with Arfon Dwyfor Training and North Wales Training as partners. The value of this contract was cut in the period up to the end of the current contract in April 2015, although has increased with the award of a new contract from this date.

In reaction to the reduction in funding for 2015/16 the Grŵp implemented a voluntary redundancy programme for the second year in succession. Further reductions in funding in future years are likely to have an impact on the both the level and nature of provision the Grŵp is able to offer. Trading conditions remain difficult in respect of non Welsh Government income as other partners are themselves experiencing funding pressures. The Grŵp continues to pursue areas of potential income growth including Energy Island, growth in Work Based Learning contract and European Funding projects.

Despite these challenges, the Grŵp remains financially strong, making surpluses on ordinary activities whilst possessing a healthy balance sheet and cash position.

With the completion of the UCCL building in July 2014 and the CamDa development in November 2014, major capital expenditure in the medium term is likely to be focused on developments on and around the Llangefni campus relating to the Energy Island project.

6. Principal Risks and Uncertainties

The Grŵp operates a robust system of risk management throughout the organisation to protect its reputation and assets. A risk register is maintained at the Grŵp 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 Grŵp's future finances either through lower numbers of students or through efficiency requirements in our funding. Support for part time FE provision may reduce in the future with an impact on staff and estate requirements.

7. Treasury Policies and Objectives

Treasury management is the management of the Grŵp'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 Grŵp 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 Grŵp only deposits its funds with high rated UK banks.

Under the new Financial Memorandum issued in March 2015 the Governing Body is able to approve any borrowing undertaken by the institution taking into account the Grŵp's current and future financial health. This is a change from the previous legislation that required Welsh Government authorisation for any long term borrowing.

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8. Transparency Arrangements

The corporation conducts its business through a number of committees as explained on page 9. Each committee has terms of reference, which have been approved by the Board of Governors. Minutes of meetings are available from:

Governance Officer
Grŵp Llandrillo - Menai
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 Grŵp ensures favourable payment terms are negotiated for small local suppliers and for students travel expenses in line with Welsh Government guidance. The payment days are 7 (2014 : 8 days). The Grŵp incurred no interest charges in respect of late payment for the year ended 31 July 2015.

10. Post-balance sheet events

There are no significant post balance sheet events to note.

11. Equal Opportunities and Employment of Disabled Person:

The Grŵp recognises the value of each member of its community. The Grŵp 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 Grŵp 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 Grŵp, and the Grŵp has the right to use the "Positive about Disabled People" symbol on its job advertisements, application forms and recruitment literature. The Grŵp holds the "Two Ticks" symbol – positive about disability. The Grŵp has also developed a "Welsh Language Scheme" which it actively promotes.

12. Taxation

The Grŵp's activities do not fall to be charged to corporation tax, although the Grŵp is subject to VAT. Please see the accounting policy on taxation on page 21 for more information.

13. Disability Statement

The Grŵp 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 Grŵp considers good communication to be an essential ingredient of college management. Staff and students are fully involved in the major committees of the Grŵp with representatives on the Corporation Board. Grievance and dispute procedures are well publicised and the Grŵp 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 Grŵp has continued with ICT led developments both to aid communication and data management across the Grŵp and also as an integral part of the teaching and learning offer.

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Professional Advisers

Independent Auditors:

PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Internal auditors:

RSM
1 Hollinswood Court
Stafford Park 1
Telford
TF3 3DE

Principal Bankers:

Barclays Bank plc.
Corporate Banking Centre
PO Box 1015
3rd Floor Windsor Court
Windsor Court
Cardiff
CF10 3ZL

Solicitors:

Eversheds
1 Callaghan Square,
Cardiff
CF10 5BT

J W Hughes & Co
27 Augusta Street
Llandudno
Conwy
LL30 2AD

15. Board members

The Grŵp Board was completely reconfigured in April 2012 following the merger drawn from the two predecessor Boards. A new Committee structure was introduced with the inclusion of local College Councils to broaden the ownership of the Grŵp's activities. An active Chair's Committee has been established to carry forward the principles of openness and accountability. A Register of Interests for all Board members is maintained.

16. Disclosure of Information to Independent 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 Gr ŵp'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 Gr ŵp's auditors are aware of that information.

Approved by order of the members of the Corporation on and signed on its behalf by:

R Bichan

Chairman

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Members

SURNAME:	FORENAME	MAX TERM:	APPOINTMENT STATUS:	DATE OF APT / RESIGNATION IN YEAR:	COMMITTEES SERVED:
Bellis	John	4 yrs	Business	01/04/2012	FRC, CSSC, CC
Bichan (C)	Roy	4 yrs	Business	01/04/2012	FRC, CC
Billeliff	Andy	4 years	Business	04/07/2014	ARC
Catley MBE	Glyn	4 yrs	Business	01/04/2012	FRC
Evans	Dilwyn	4 yrs	Co-opted	01/04/2012	FRC,CC
Halpin	Helen	4 yrs	Business	01/04/2012	CSSC
Hynes	Ann	4 yrs	Teaching Staff	01/04/2012	CSSC
Jackson OBE	Chris	4 yrs	Local Community Org.	01/04/2012	CSSC, ARC, CC
Jones (VC)	Griff	4 yrs	Local Community Org.	01/04/2012	FRC, CC
Jones OBE	Glyn	Ex Officio	CEO	01/04/2012	FRC, CSSC, CC
Jones OBE	Mair	4 yrs	Co-opted	01/04/2012	FRC, CSSC, CC
Jones	Wyn	4 yrs	Local Authority	01/04/2012	CSSC
Lavin	Peter	4 yrs	Co-opted	01/04/2012	ARC
Oliver	Shân	4 yrs	Non teaching staff	01/04/2012	CSSC, ARC
Pattinson	Sara	2yrs	HE Officer	23/04/2015	CSSC
Pugh	Hedd	4 yrs	Local Community Org.	01/04/2012	FRC
Pierce- Williams	John	4 yrs	Local Community Org.	01/04/2012	FRC
Roberts	Gareth	4 yrs	Local Authority	10/04/2015	-
Thomas	Alun	4 yrs	Business	01/04/2012	FRC
Williams MBE	David	4 yrs	Business	01/04/2012	ARC, CC
Williams	Harri Fôn	1 year	Student Union President	10/11/2014	CSSC

Key:

ARC	Audit and Risk Committee	C	Chairman
FRC	Finance & Resources Committee	VC	Vice Chairman
CSSC	Curriculum, Students & Standards Committee	CEO	Chief Executive Officer
CC	Chair's Committee		

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Grŵp is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the Grŵp 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 financial statements understand how the principles have been applied.

In the opinion of the Governors, the Grŵp complies with all the appropriate provisions of the UK Corporate Governance Code (2010) 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 2015 up to the date of the approval of the financial statements.

Corporation Board

The Grŵp's Corporation Board consists of independent and co-opted members as well as staff, student representatives and the Grŵp Chief Executive Officer. 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 Grŵp's expense and have access to the Governance Officer, 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 Grŵp Chief Executive Officer are separate.

The Corporation Board meets formally four times a year (in addition to an Annual General Meeting and Strategic Planning Event) and has established four formal sub committees, the Audit and Risk Committee, Curriculum, Students & Standards Committee, Finance & Resources Committee and Chair's 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 Grŵp 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, 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 Chair's 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 four year term (renewable).

Audit and Risk Committee

The Audit and Risk Committee met four times in 2014/15. The committee operates in accordance with written terms of reference approved by the Corporation Board. It comprises of four members (excluding the Grŵp Chief Executive Officer and the Chair of the Corporation Board). The Grŵp'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 Grŵp 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 external 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 Grŵp'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 Grŵp's internal control system. The Committee also considers relevant reports from DFES, National Audit Office and other bodies as they affect the Grŵp's business. The Audit and Risk Committee monitors the progress of management in implementing audit recommendations.

Remuneration Committee - now entitled Chair's Committee

During the year ended 31 July 2015, the Chair's 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 2015 are set out in note 7 to the financial statements.

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
Internal control

Strategic planning and financial control

The Grŵp has established a robust strategic planning process. This process ensures appropriate involvement of the Corporation Board, Tim Strategol / Senior Management Team, and Tim Rheoli / Management Team, as well as consultation with all staff 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 Grŵp's budget and financial forecasts are developed in conjunction with the strategic plan. The Resources Committee recommends to the Corporation Board the Grŵp'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 Grŵp has established detailed financial regulations and delegated levels of authority which provide a framework for financial control within the Grŵp.

Scope of responsibility

The Corporation Board is ultimately responsible for the Grŵp'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 Grŵp Chief Executive Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Grŵp'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 Grŵp Llandrillo - Menai 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 Grŵp'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 Grŵp Llandrillo - Menai for the year ended 31 July 2015 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 Grŵp 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 year ending 31 July 2015 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 a system of delegation and accountability. In particular, it includes:

- 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.

Grŵp Llandrillo - Menai 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 Grŵp 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 auditors' independent opinion on the adequacy and effectiveness of the Grŵp's system of risk management, controls and governance processes.

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Review of effectiveness

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

The Grŵp Chief Executive Officer 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 auditors. The Grŵp's quality processes include a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Tim Strategol / 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 Grŵp's 4Risk recording system. The Tim Strategol / 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 2015 meeting, the Corporation Board will carry out the annual assessment for the year ended 31 July 2015 by considering documentation from the Audit and Risk Committee and internal audit, and taking into account of events since 31 July 2015.

Going concern

After making appropriate enquiries, the Corporation considers that the Grŵp 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 and signed on its behalf by:

Mr R Bichan

Chairman

Mr G Jones OBE

Grŵp Chief Executive Officer

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STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation (the Board of Governors) of the Grŵp are required to present an annual report and 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 Grŵp Chief Executive Officer, 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 2014-15 and which give a true and fair view of the state of affairs of the Grŵp 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 Grŵp.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Grŵp 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 Grŵp and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Grŵp website is the responsibility of the Corporation of the Grŵp; 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 Grŵp'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 and signed on its behalf by:

Mr R Bichan

Chairman

Date:

INDEPENDENT AUDITORS' REPORT TO THE CORPORATION OF GRŴP LLANDRILLO - MENAI (THE "INSTITUTION")

Report on the financial statements

Our opinion

In our opinion, the financial statements, defined below:

- give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2015, and of the group's income and expenditure, recognised gains and losses and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and
- have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent institution financial statements (the "financial statements"), which are prepared by Grŵp Llandrillo Menai, comprise:

- the consolidated and parent institution Balance Sheets as at 31 July 2015;
- the consolidated Statement of Historical Cost Surpluses and Deficits for the year then ended;
- the consolidated Income and Expenditure Account for the year then ended;
- the consolidated Statement of Total Recognised Gains and Losses for the year then ended;
- the consolidated Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in its preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, the Corporation has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Corporation; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions 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 Institution 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.
-

Responsibilities for the financial statements and the audit

Respective responsibilities of the Corporation and auditors

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 12, the Corporation 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 institution's Corporation as a body 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

GRŴP LLANDRILLO - MENAI

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2015

	Note	2015 £'000	2014 £'000
Income			
Funding body grants	2	58,281	59,464
Tuition fees and education contracts	3	6,493	5,936
Other income	4	8,982	10,197
Endowment and investment income	5	550	333
Total income		74,306	75,930
Expenditure			
Staff costs before FRS17 costs	6	45,520	47,840
FRS17 costs		620	637
Total staff costs including FRS17 costs		46,140	48,477
Exceptional Item	6	613	1,122
Other operating expenses	9	21,483	22,765
Depreciation	13	4,417	4,129
Interest and other finance costs	10	195	224
Total expenditure		72,848	76,717
Surplus/(Deficit) after depreciation of tangible fixed assets at valuation and before tax		1,458	(787)
Surplus/(Deficit) for the year retained within general reserves	12	1,458	(787)

CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	Note	2015 £'000	2014 £'000
Surplus/(Deficit) on continuing operations before taxation		1,458	(787)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	23	308	308
Historical cost surplus/(deficit) for the year after taxation		1,766	(479)

The exceptional item relates to voluntary redundancies which took place during the year.
The income and expenditure account is in respect of continuing activities.
The notes on pages 18 to 40 form part of these financial statements.

GRŴP LLANDRILLO - MENAI

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2015

	Note	2015 £'000	2014 £'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation		1,458	(787)
Actuarial loss in respect of pension scheme	28	(5,355)	(7,903)
Total recognised losses relating to the year		(3,897)	(8,690)

RECONCILIATION OF TOTAL RESERVES

	2015 £'000	2014 £'000
Opening reserves	22,912	31,602
Total recognised losses for the year	(3,897)	(8,690)
Diminution in value	(256)	0
Closing reserves	18,759	22,912

GRŴP LLANDRILLO - MENAI

BALANCE SHEETS

AS AT 31 JULY 2015

	Note	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Fixed assets					
Tangible Assets	13	87,484	87,484	89,396	89,396
Investments	14	50	50	50	50
Total Fixed Assets		87,534	87,534	89,446	89,446
Current assets					
Stock	15	576	576	533	533
Debtors	16	5,176	5,156	4,979	5,280
Investments	17	521	521	517	517
Cash at bank and in hand		10,993	10,781	10,781	10,257
Total current assets		17,266	17,034	16,810	16,587
Less: Creditors amounts falling due within one year	18	(5,385)	(5,153)	(6,118)	(5,895)
Net current assets		11,881	11,881	10,692	10,692
Total assets less current liabilities		99,415	99,415	100,138	100,138
Less: Creditors -amounts falling due after more than one year	19	(2,208)	(2,208)	(2,875)	(2,875)
Less: Provisions for liabilities	21	(4,031)	(4,031)	(3,391)	(3,391)
Net assets excluding pension liability		93,176	93,176	93,872	93,872
Net pension liability	24	(23,242)	(23,242)	(17,797)	(17,797)
NET ASSETS INCLUDING PENSION LIABILITY		69,934	69,934	76,075	76,075
Deferred Capital Grants Reserves	22	51,175	51,175	53,163	53,163
Income and expenditure account excluding pension reserve	24	31,772	31,772	29,916	29,916
Pension reserve	24	(23,242)	(23,242)	(17,797)	(17,797)
Income and expenditure account including pension reserve		8,530	8,530	12,119	12,119
Revaluation reserve	23	10,229	10,229	10,793	10,793
Total Reserves		18,759	18,759	22,912	22,912
TOTAL FUNDS		69,934	69,934	76,075	76,075

The financial statements on pages 14 to 40 were approved by the Governing body on 10 December 2015 and were signed on its behalf on that date by:

Mr R Bichan
Chairman

Mr G Jones OBE
CEO

Mrs K Coughlin
Executive Director
Corporate Services

The notes on pages 18 to 40 form part of these financial statements

GRŴP LLANDRILLO - MENAI

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2015

	Note	2015 £'000	2014 £'000
Cash inflow from operating activities	25	3,389	3,377
Cash outflow from returns on investments and servicing of finance	26	(152)	(184)
Cash outflow from capital expenditure and financial investment	26	(2,402)	(1,270)
Cash outflows from management of liquid resources	26	(4)	(4)
Cash outflows from financing	26	(619)	(584)
Increase in cash in the year		<u>212</u>	<u>1,335</u>

RECONCILIATION OF CONSOLIDATED NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Note	2015 £'000	2014 £'000
Increase in cash in the year		212	1,335
Cash inflow from liquid resources		-	-
Change in net funds resulting from cash flows	26	619	584
Movement in net funds in year		<u>831</u>	<u>1,919</u>
Net funds at 1 August		7,341	5,422
Net funds at 31 July		<u>8,172</u>	<u>7,341</u>

The notes on pages 18 to 40 form part of these financial statements

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The following accounting policies and estimation techniques 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 in the United Kingdom. They conform to guidance published by the Welsh Government in the Accounts Direction to Further Education Institutions for 2014-2015 .

Basis of Consolidation

The consolidated financial statements include the financial statements of the Grŵp and subsidiary undertaking for the financial year to 31 July 2015 . The consolidated financial statements includes entities in which the Grŵp has control through financial interest or significant influence over their commercial and financial policy decisions.

Entities are included within the consolidation from the point of the group achieving control and are excluded from the consolidation when control is lost. Intra group transactions have been eliminated and uniform accounting policies are applied across the group for the purposes of the consolidated financial statements.

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 Grŵp, together with the factors likely to affect its future development and performance are set out in the Annual Report. The financial position of the Grŵp, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The Grŵp currently has £3.4m of loans outstanding with bankers on terms negotiated between 1996 and 2010. The Grŵp'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 Grŵp 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 lives 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 are recognised in the period for which it is received and the services are delivered 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 in the financial year.

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

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 Grŵp 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 Grŵp 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 Grŵp 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 Grŵp'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 Grŵp has failed to meet the requirements of the grant. The Grŵp'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 Grŵp of between 20 and 50 years. The Grŵp has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 Grŵp 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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 in which 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 £5,000 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 Grŵp. All other equipment is depreciated over its useful economic life using the straight line basis as follows:

General equipment	5 - 10 years
Computer equipment	3 years
Motor vehicles	3 years

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.

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Taxation

The Grŵp 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 Grŵp 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 Grŵp 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 Gr ŵp'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 Grŵp 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 Grŵp's financial statements relates to the provision of transport and nursery care by the Grŵp on the student's behalf as well as the staff costs of administering the fund.

Accounting for Transactions Where Acting as an Agent

Transactions are accounted for in line with FRS5 'Reporting the substance of a transaction': Revenue Recognition. Application note G. Where Grŵp Llandrillo - Menai is exposed to the significant benefits and risks of a contract, Grŵp Llandrillo - Menai acts as the principal in the transaction. Conversely when Grŵp Llandrillo - Menai does not have the substantial risk and reward then agency accounting is applied.

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

2 FUNDING BODY GRANTS	GRŴP 2015 £'000	GRŴP 2014 £'000
DFES recurrent grant	43,168	43,121
Work-based Learning	9,662	10,946
Release of deferred DFES capital grants	2,347	2,134
DFES LLDD grant	1,802	1,762
HEFCW Recurrent grant	409	422
Other DFES Grants	893	1,079
	<u>58,281</u>	<u>59,464</u>

The Work-based Learning income above is the total received by the Grŵp, of this £3.0m (2014-£3.6m) was paid out to consortia partners. Grŵp Llandrillo - Menai has accounted for this on a principal basis.

3 TUITION FEES AND EDUCATION CONTRACTS	GRŴP 2015 £'000	GRŴP 2014 £'000
UK Higher Education students	4,062	3,541
UK Further Education students	1,560	1,294
Non European Union students	296	341
Total fees paid by or on behalf of individual students	<u>5,918</u>	<u>5,176</u>
Education Contracts:		
Franchise Income	575	760
	<u>6,493</u>	<u>5,936</u>

4 OTHER INCOME	GRŴP 2015 £'000	GRŴP 2014 £'000
European Funds	1,704	3,047
Catering (refectory and restaurant)	1,004	1,027
Farming activities	673	704
Other grant income	1,136	1,319
Other income generating activities (Grŵp)	4,465	4,100
	<u>8,982</u>	<u>10,197</u>

5 ENDOWMENT AND INVESTMENT INCOME	GRŴP 2015 £'000	GRŴP 2014 £'000
Pension finance income	507	293
Interest on cash deposits	43	40
	<u>550</u>	<u>333</u>

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

6 STAFF COSTS

Staff Numbers

The average monthly number of persons (including senior post holders) employed by the Grŵp during July, expressed as full-time equivalents is detailed below.

	2015 Number	2014 Number Restated
Teaching departments	865	931
Teaching support services	164	180
Other support services	132	127
Administration and central services	61	61
Premises	38	44
Catering and Residences	29	28
Farming Activities	7	7
	<u>1,296</u>	<u>1,378</u>

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

	GRŴP 2015 £'000	GRŴP 2014 £'000
Staff Costs for the Above Persons:		
Teaching departments	33,224	35,431
Teaching support services	5,798	5,837
Other support services	1,142	1,232
Administration and central services	3,820	3,819
Premises	1,161	1,240
Catering and Residences	556	539
Farming activities	166	144
Retirement and restructuring costs	273	235
	<u>46,140</u>	<u>48,477</u>
	GRŴP 2015 £'000	GRŴP 2014 £'000
Analysed by :		
Wages and salaries	37,539	39,115
Social security costs	2,448	2,820
Pension costs (including FRS 17 adjustments)	5,880	6,307
Retirement and restructuring costs	273	235
	<u>46,140</u>	<u>48,477</u>
Exceptional restructuring costs	613	1,122
	<u>46,753</u>	<u>49,599</u>

Exceptional restructuring costs relate to voluntary redundancy costs incurred in the year ended 31 July 2015, and were approved by the Corporation.

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

6 STAFF COSTS cont'd

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

The number of senior post holders and other staff, including the Grŵp Chief Executive Officer who received emoluments in the following ranges was as follows.

	2015	2014
	Number	Number
£60,001 to £70,000	10	6
£70,001 to £80,000	0	1
£80,001 to £90,000	1	0
£90,001 to £100,000	1	3
£100,001 to £110,000	0	0
£110,001 to £120,000	2	2
£120,001 to £130,000	1	0
£130,001 to £140,000	0	0
£140,001 to £150,000	0	0
£160,001 to £170,000	1	1
	16	13

7 SENIOR POST- HOLDERS

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

	2015	2014
	Number	Number
Number of senior post holders including the Grŵp Chief Executive Officer was	5	6

Senior post-holders emoluments are made up as follows:

	2015	2014
	£	£
Salary (including increment and pay award)	604,266	683,549
Benefits in kind	19,478	28,205
Total emoluments	623,744	711,754

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

7 SENIOR POST- HOLDERS cont'd

The above emoluments include amounts payable to the highest paid senior post holders.

	2015 £	2014 £
	CEO	CEO
Salary (including increment and pay award)	153,015	151,500
Benefits in kind	11,094	11,440
Total emoluments	164,109	162,940

The pension contributions in respect of the Grŵp Chief Executive Officer 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 Grŵp Chief Executive Officer and the staff members did not receive any payment from the Grŵp other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The emoluments of the Grŵp Chief Executive Officer and Senior Post holders are reviewed by the Remuneration Committee.

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

The compensation in respect of no (2014 :0) former employees is as follows:

	GRŴP 2015 £	GRŴP 2014 £
Compensation paid to a former senior post-holder	0	0
Estimated value of other benefits, including provisions for pension benefits	0	0

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 net costs were incurred during 2014-2015 in respect of overseas activities which were carried out in accordance with the strategy approved by the Board of Governors. Many visits were subsidised through grants received.

	Travel and Accommodation £	Subsistence £	Other Costs £	Number of Visits Visits Number
Governors	0	0	0	0
Senior Post holders	616	78	0	1
Other individuals	10,127	2,626	2,165	24

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

9 OTHER OPERATING EXPENSES

	GRŴP 2015 £'000	GRŴP 2014 £'000
Teaching departments	8,635	9,833
Teaching support services	119	240
Other support services	410	226
Administration and central services	2,322	2,234
General education expenditure	2,038	2,282
Premises Costs Running Costs	3,515	3,402
Premises Costs Maintenance	1,720	1,618
Premises Costs Rents and Leases	328	418
Long term maintenance	150	150
Other expenses	2,246	2,362
	<u>21,483</u>	<u>22,765</u>

Other operating expenses include:

	GRŴP 2015 £'000	GRŴP 2014 £'000
Auditors' remuneration		
- external audit	42	42
- internal audit	25	27
Other services provided by internal auditors	23	0
Operating lease rentals		
- hire of plant and machinery	2	2
- property leases	0	68

10 INTEREST AND OTHER FINANCE COSTS

	GRŴP 2015 £'000	GRŴP 2014 £'000
On bank loans:		
Repayable within five years, by instalments	133	142
Repayable wholly or partly in more than five years	62	82
	<u>195</u>	<u>224</u>
Pension finance costs (note 28)	0	0
	<u>195</u>	<u>224</u>

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

11 TAXATION

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

12 SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS FOR THE YEAR

The surplus/(deficit) on continuing operations for the year is made up as follows:

	GRŴP 2015 £'000	GRŴP 2014 £'000
Grŵp's surplus/(deficit) for the year	1,458	(787)
Total	1,458	(787)

13 TANGIBLE ASSETS (GROUP AND COLLEGE)

	Land and Freehold Buildings	Assets in the Course of Construction	Heritage Asset - Work of Art	Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or deemed cost					
At 1 August 2015	112,623	5,435	5	9,025	127,088
Additions	1,994	132	0	635	2,761
Reallocation	4,990	(5,435)	0	445	0
Diminuation in Value	(400)	0	0	0	(400)
At 31 July 2015	119,207	132	5	10,105	129,449
Accumulated Depreciation					
At 1 August 2015	29,660	0	0	8,032	37,692
Charge for year	3,512	0	0	905	4,417
Diminuation in Value	(144)	0	0	0	(144)
At 31 July 2015	33,028	0	0	8,937	41,965
Net book value at 31 July 2015	86,179	132	5	1,168	87,484
Net book amount at 31 July 2014	82,963	5,435	5	993	89,396

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

13 TANGIBLE ASSETS (GROUP AND COLLEGE) cont'd

	Land and Buildings Freehold £'000	Assets in the Course of Construction £'000	Heritage Asset - Work of Art £'000	Equipment £'000	Total £'000
Inherited	10,229	0	0	0	10,229
Financed by Capital Grant	50,854	132	0	189	51,175
Other	25,096	0	5	979	26,080
Net book value at 31 July 2015	86,179	132	5	1,168	87,484

(i) The freehold interests in land and buildings occupied by the Grŵp, previously held by Clwyd County Council, were formally transferred to the Grŵp 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 Grŵp before 1 April 1993 became vested in the Grŵp at that date.

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

(iv) Land and buildings with a net book amount of £7,327,000 have been funded from exchequer funds. Should these assets be sold, the Grŵp 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) The diminution in value relates to a building that is to be demolished

14 FIXED ASSET INVESTMENTS

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Investment in shares	50	50	50	50

The investment in shares relate to shares held as part of a milk co-operative. The trustees consider that the value of the investment is supported by the underlying assets.

15 STOCKS

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Stocks	576	576	533	533

Stock predominately relates to livestock held for education purposes and is not purchased with the intent to resell.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

16 DEBTORS

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Amounts Falling Due Within One Year				
Trade Debtors	1,773	1,773	2,077	2,077
Prepayments and accrued income	2,172	2,152	2,394	2,695
Amounts owed by the Welsh Government and associated bodies	1,231	1,231	508	508
	<u>5,176</u>	<u>5,156</u>	<u>4,979</u>	<u>5,280</u>

17 CURRENT ASSET INVESTMENTS

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
95 Day Account	<u>521</u>	<u>521</u>	<u>517</u>	<u>517</u>

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

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Bank Loan	659	659	620	620
Trade creditors	299	299	352	352
Other taxation and social security	0	0	0	0
Accruals and deferred income	4,427	4,195	5,146	4,923
	<u>5,385</u>	<u>5,153</u>	<u>6,118</u>	<u>5,895</u>

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Bank Loan	2,162	2,162	2,820	2,820
Deferred income	46	46	55	55
	<u>2,208</u>	<u>2,208</u>	<u>2,875</u>	<u>2,875</u>

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

20 BORROWINGS (GRŴP AND COLLEGE)

Bank Loan

	2015	2014
	£'000	£'000
Bank Loans are repayable as follows:		
In one year or less	659	620
Between one and two years	704	659
Between two and five years	988	1,488
In five years or more	470	673
	<u>2,821</u>	<u>3,440</u>

Bank loans totalling £1,803,000 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 Grŵp.

21 PROVISIONS FOR LIABILITIES (GRŴP AND COLLEGE)

	Other Items	Early Retirement	Total
	£'000	Costs £'000	£'000
At 1 August 2015	0	3,391	3,391
Charged to income and expenditure account	0	164	164
Transferred from accruals	476	0	476
At 31 July 2015	<u>476</u>	<u>3,555</u>	<u>4,031</u>

The early pension provision relates to the cost of staff who have already left the Grŵp's employment. The provision has been calculated in accordance with the Accounts Direction Circular 2014/2015. The provision has been calculated following the change of pension increase assumption of CPI.

The principal assumption for this calculation are:

	2015	2014
Net interest rate	<u>1.75%</u>	<u>2.25%</u>

The other items relates to other immaterial items that may need to be in the fullness of time.

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

22 DEFERRED CAPITAL GRANTS (GRŴP AND COLLEGE)

	DFES £'000	Other grants £'000	Total £'000
At 1 August 2015			
Buildings	49,996	3,167	53,163
Equipment	0	0	0
	<u>49,996</u>	<u>3,167</u>	<u>53,163</u>
Cash received			
Buildings	141	0	141
Equipment	218	0	218
Released to income and expenditure account			
Buildings	(2,194)	(124)	(2,318)
Equipment	(29)	0	(29)
At 31 July 2015			
Buildings	47,943	3,043	50,986
Equipment	189	0	189
	<u>48,132</u>	<u>3,043</u>	<u>51,175</u>

23 REVALUATION RESERVE (GRŴP AND COLLEGE)

	2015 £'000	2014 £'000
At 1 August 2015	<u>10,793</u>	<u>11,101</u>
Depreciation on revalued assets	(308)	(308)
Diminution in value	(256)	0
At 31 July 2015	<u>10,229</u>	<u>10,793</u>

24 MOVEMENT ON GENERAL RESERVES (GRŴP AND COLLEGE)

INCOME AND EXPENDITURE ACCOUNT

	2015 £'000	2014 £'000
At 1 August 2015	<u>29,916</u>	<u>29,758</u>
Surplus/(deficit) for the year	1,458	(787)
Transferred from the revaluation reserve	308	308
Transfer from pension reserve	90	637
At 31 July 2015	<u>31,772</u>	<u>29,916</u>

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

24 MOVEMENT ON GENERAL RESERVES (GRŴP AND COLLEGE)

INCOME AND EXPENDITURE ACCOUNT cont'd

PENSION RESERVE

	2015	2014
	£'000	£'000
At 1 August	(17,797)	(9,257)
FRS 17 movement, actuarial loss	(5,355)	(7,903)
Transfer to income and expenditure reserve	(90)	(637)
At 31 July	(23,242)	(17,797)

25 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/(DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£'000	£'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation	1,458	(787)
Depreciation (note 13)	4,417	4,129
Increase in investments	0	0
Deferred capital grants released to income (note 22)	(2,347)	(2,134)
FRS 17 pension cost less contributions payable	597	849
FRS 17 pension finance income including curtailments	(507)	(212)
(Increase)/Decrease in stocks	(43)	10
Decrease in trade debtors	304	17
(Increase)/Decrease in prepayments, accrued income and Welsh Government debtors	(501)	715
(Decrease)/Increase in trade creditors	(53)	58
Decrease in other taxation and social security	0	(4)
(Decrease)/Increase in accruals	(719)	383
Increase in provisions	640	178
Decrease in deferred income	(9)	(9)
Interest received	(43)	(40)
Interest paid	195	224
Net cash inflow from operating activities	3,389	3,377

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

	2015	2014
	£'000	£'000
Returns on investments and servicing of finance		
Interest on cash deposits received	43	40
Interest paid under bank loans	(195)	(224)
Interest on pension finance	0	0
Net cash outflow from returns on investments and servicing of finance	(152)	(184)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

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

	2015 £'000	2014 £'000
Capital Expenditure and Financial Investment		
Payments to acquire tangible fixed assets	(2,761)	(5,784)
Deferred capital grants received	359	4,514
Net cash outflow from capital expenditure and financial investments	(2,402)	(1,270)
Management of liquid resources		
Payments into short term cash deposits	(4)	(4)
Net cash inflow from management of liquid resources	(4)	(4)
Financing		
Capital element of bank loan repayments	(619)	(584)
	(619)	(584)

27 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014 £'000	Cash flow £'000	At 31 July 2015 £'000
Cash at bank and in hand	10,781	212	10,993
Debt due within 1 year	(620)	(39)	(659)
Debt due after 1 year	(2,820)	658	(2,162)
Total	7,341	831	8,172

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

28 PENSION AND SIMILAR OBLIGATIONS (GRŴP AND COLLEGE)

The Grŵp 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:

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Teachers Pension Scheme:	2,576	2,720
contributions paid		
Local Government Pension Scheme:		
Contributions paid	2,684	2,658
FRS17 Charge	<u>620</u>	<u>637</u>
Charge to the Income and Expenditure account (staff costs)	3,304	3,295
Enhanced pension income/charge to Income and Expenditure account (staff costs)	164	178
Total Pension Cost for Year	<u>6,044</u>	<u>6,193</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 Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2015, by the Teachers' Pension Scheme Regulations 2015. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2015. The valuation report was published by the Department for Education (the Department) on 9 June 2015. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2015 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £2,576,000 (2014: £2,720,000)

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FOR THE YEAR ENDED 31 JULY 2015

28 PENSION AND SIMILAR OBLIGATIONS (GRŴP AND COLLEGE)

(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 2015 was £3,546,000 (2014 -£3,530,000) of which employers contributions totalled £2,684,000 (2014 - £2,658,000) and employees contributions totalled £861,000 (2014 -£872,000). The contribution rate for employees changed on 1 April 2014 to be dependant on the salary as shown below:

Band changes

Band from 1 April 2015			Band from 1 April 2014		Band from 1 April 2013	
Whole Time Pay	Whole Time Pay	Contribution Rate	Whole Time Pay	Contribution Rate	Whole Time Pay	Contribution Rate
£0-£13,600	£0-£13,500	5.5%	£0-£13,700	5.5%	£0-£13,700	5.5%
£13,601 - £21,200	£13,501 - £21,000	5.8%	£13,701 - £16,100	5.8%	£13,701 - £16,100	5.8%
£21,201 - £34,400	£21,001 - £34,000	6.5%	£16,101 - £20,800	5.9%	£16,101 - £20,800	5.9%
£34,401 - £43,500	£34,001 - £43,000	6.8%	£20,801 - £34,700	6.5%	£20,801 - £34,700	6.5%
£43,501 - £60,700	£43,001 - £60,000	8.5%	£34,701 - £46,500	6.8%	£34,701 - £46,500	6.8%
£60,701 - £86,000	£60,001 - £85,000	9.9%	£46,501 - £87,100	7.2%	£46,501 - £87,100	7.2%
£86,001 - £101,200	£85,001 - £100,000	10.5%	More than £87,101	7.5%	More than £87,101	7.5%
£101,201 - £151,800	£100,001 - £150,000	11.4%				
More than £151,801	More than £150,001	12.5%				

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 2012 by a qualified independent actuary.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	%	%	%
Rate of increase in salaries	4.5	4.5	5.1
Rate of increase for pensions	2.6	2.7	2.8
Discount rate for liabilities	3.6	4	4.6
Inflation assumption (CPI)	2.7	2.7	2.8
Commutation of pensions to lump sums	50%	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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

28 PENSION AND SIMILAR OBLIGATIONS (GRŴP AND COLLEGE)

(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:

	At 31 July 2015	At 31 July 2014	At 31 July 2013
<u>Retiring today</u>			
Males	22	22	20.5
Females	24	24	23
<u>Retiring in 20 years</u>			
Males	24.4	24.4	23.3
Females	26.6	26.6	25.6

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

	Long term rate of return at 31 July 2015 Per cent.	Value at 31 July 2015 £'000	Long term rate of return at 31 July 2014 Per cent.	Value at 31 July 2014 £'000
Equities	3.6	53,455	6.6	47,782
Bonds	3.6	10,251	3.3	9,685
Cash	3.6	2,197	3.6	1,291
Property	3.6	7,322	4.7	5,811
Total market value of assets		<u>73,225</u>		<u>64,569</u>
Present value of scheme liabilities				
- Funded		(96,211)		(82,111)
- Unfunded		(256)		(255)
Related deferred tax liability		0		0
Deficit in the scheme		<u>(23,242)</u>		<u>(17,797)</u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the year. The expected returns are calculated using simulations of HRAM, calibrated using market data.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

28 PENSION AND SIMILAR OBLIGATIONS (GRŴP AND COLLEGE)

(b) Local Government Superannuation Fund cont'd

	Year Ended 2015 £'000	Year Ended 2014 £'000
Analysis of amounts charged to the income and expenditure account:		
Operating:		
Employer service cost (net of employee contributions)	3,376	3,561
Total operating charge	<u>3,376</u>	<u>3,561</u>
Analysis of pension finance (income)/costs		
Expected return on assets	(3,895)	(3,576)
Interest on pension liabilities	3,365	3,283
Pension finance (costs)/income	<u>(530)</u>	<u>(293)</u>

Movement in the (deficit) :

	2015 Year Ended 31 July £'000	2014 Year Ended 31 July £'000
Deficit in scheme at 1 August	(17,797)	(9,257)
Movement in the year:		
Employer service cost (net of employee contributions)	(3,376)	(3,561)
Past service cost	0	0
Other finance (interest)/income	507	293
Curtailments and settlements	0	(81)
Employer Contributions	2,779	2,712
Actuarial (loss)/gain	<u>(5,355)</u>	<u>(7,903)</u>
Deficit in scheme at 31 July	<u>(23,242)</u>	<u>(17,797)</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

28 PENSION AND SIMILAR OBLIGATIONS (GRŴP AND COLLEGE)

(b) Local Government Superannuation Fund cont'd

Asset and Liability Reconciliation

	2015 £000's	2014 £000's
Reconciliation of Liabilities		
Liabilities at start of year	82,366	69,442
Service cost	3,376	3,561
Interest cost	3,365	3,283
Employee contributions	871	882
Actuarial loss/(gain)	7,186	5,655
Benefits paid	(720)	(538)
Past Service cost	0	0
Curtailments and settlements	23	81
Liabilities at end of year	<u>96,467</u>	<u>82,366</u>
Reconciliation of Assets		
Assets at start of year	64,569	60,185
Expected return on assets	3,895	3,576
Actuarial gain	1,831	(2,248)
Employer contributions	2,779	2,712
Employee contributions	871	882
Benefits paid	(720)	(538)
Assets at end of year	<u>73,225</u>	<u>64,569</u>

The estimated value of employers contributions for the year ended 31 July 2015 is £2,741,000. The present value of unfunded liabilities is £ 255,000 (2014 - £255,000).

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Value of assets	73,225	64,569	60,185	48,356	44,776
Present value of liabilities	96,467	82,366	69,442	61,847	49,993
History of experience gains and losses	0	0	0	0	0
Difference between the expected and actual return on assets: amount	1831	-2248	6,677	-2,339	5,311
Experience gains and losses on scheme liabilities: amount	398	728	-3	-440	1,983
Total amount recognised in STRGL amount	-5,355	-7,903	4,918	-9,064	8,281

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

29 POST - BALANCE SHEET EVENTS

There are no post balance sheet events.

30 CAPITAL COMMITMENTS (GRŴP AND COLLEGE)

	2015	2014
	£'000	£'000
Authorised but not committed as at 31 July	466	0
Commitments contracted for at 31 July	124	1,431
Commitments under finance leases entered into but not yet provided for in the financial statements	0	0
	<u>590</u>	<u>1,431</u>

31 FINANCIAL COMMITMENTS (GRŴP AND COLLEGE)

At 31 July 2015 the Grŵp had annual commitments under non-cancellable operating leases as follows:

	2015	2015	2014	2014
	Land and	Other	Land and	Other
	Buildings		Buildings	
	£'000	£'000	£'000	£'000
Expiring between two and five years inclusive	0	2	0	2
Expiring in over five years	0	0	0	0
	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>

32 CONTINGENT LIABILITIES (GRŴP AND COLLEGE)

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

33 RELATED PARTY TRANSACTIONS

Due to the nature of the Grŵp'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 Grŵp's financial regulations and normal procurement procedures.

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The Grŵp supports the seven principles of public life set out by the Nolan Committee. In this respect the Grŵp 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.

There have been no write offs in respect of related party transactions.

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

33 RELATED PARTY TRANSACTIONS cont'd

Connected Board Members	Organisation	Nature of Relationship	Income £	Payments £
Dr R Bichan	(Fellow) Glyndwr University		0	4,895
Mr G Jones OBE	CBI	Member	0	10,351
Dr G Jones	University of Bangor	Member	0	347,789
Ms M Jones OBE	Betsi Cadwaladr	Member	22,888	96,060
Cllr W Jones	Conwy County Borough Council	Elected Member	163,267	141,511
Mr P Lavin	Castle Hotel	Director	165	0
Mr A W Thomas	J W Hughes and Co	Partner	0	11,252
Mr D W Williams MBE	University of Bangor	Hon.Treasurer	489,279	347,789
Mr G Thomas	Gwynedd County Council	Elected Member	457,911	191,876

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

34 FINANCIAL CONTINGENCY FUND

The Grŵp Llandrillo - Menai allocation was distributed as follows:

	Hardship Fund		FE Access Fund		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
DFES grants	10	11	848	865	858	876
Disbursed to students	(8)	(8)	(682)	(667)	(690)	(675)
Administration Costs	(1)	(1)	(26)	(26)	(27)	(27)
Consolidated in financial statements	0	0	(140)	(172)	(140)	(172)
Returned to DFES	0	0	0	0	0	0
Balance unspent	1	2	0	0	1	2

DFES grants are available solely for students. In the majority of cases the Grŵp 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 Grŵp's financial statements relates to the provision of transport and nursery care by the Grŵp on the student's behalf as well as staff costs for administration of the fund.