

GRŴP LLANDRILLO - MENAI
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

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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 2017.

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.

2. Mission

Grŵp Llandrillo-Menai's mission as stated in the strategic plan of the grŵp is:

"Inspiring success by providing excellent education and training "

The strategic goals that support this mission are:

- 1 - Achieve Excellent student success
- 2 - Support Employer skills needs in a growing North Wales economy
- 3 - Deliver education and training opportunities through effective networks and partnerships
- 4 - Be a sustainable and financially stable organisation

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 2016/17, the Grŵp taught 15,241 Further Education students (5,646 on full-time courses and 9,595 on part-time courses), 1,497 Higher Education students (559 full-time and 938 part-time) and 2,630 students through the Grŵp's work-based learning contract (all part-time). In addition, 2,684 learners were taught through bespoke learning programmes (often to industry) not funded via the Welsh Government.

The Grŵp has achieved the target set by Welsh Government for its Further Education funding in 2016/17.

3.2. Excellence

The Grŵp's latest inspection position is as follows:

Further Education	Good, with prospects for improvement, 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.	

An inspection of the Further Education provision was conducted by Estyn in 2016/17, with the following key findings:

- The Grŵp's Provision enables very good progression for learners
- The Grŵp provides an extensive and broad range of effective Welsh medium and Bilingual provision
- The Grŵp supports the health and wellbeing of its learners well, learners benefit from extensive support and counselling, both from the Grŵp and from specialist external agencies
- The Grŵp has established a very strong positive ethos and offers a welcoming and inclusive environment in which nearly all learners feel safe and well supported.
- The Chief Executive provides outstanding leadership; managers and staff at all levels are very supportive of the Grŵp and committed to its key aims and objectives
- Senior managers show resolve and ambition in their desire to secure improvement in key aspects of the Grŵp's work
- The Governing Body is highly effective and brings a wide range of skills and knowledge, which it uses well to support the Chief Executive and to provide robust and high level challenge
- The Grŵp has very strong and effective partnerships with a diverse range of local, regional and national organisations to improve the skills and employment opportunities for learners across the region

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The most recent Work-based learning inspection concluded that "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".

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

- Hairdresser and Coleg Menai apprentice, Ruth Lloyd, gained a bronze medal from the WorldSkills UK championships in Birmingham .
- Three of the Grŵp's Hospitality and Catering students, Courtney Jones, Amy Gughrill and Elijah French-Belfield won a silver and two bronze medals from the Great Hospitality Show at the NEC in Birmingham.
- Tom Cochran, studying at Rhyl, won the Gold medal at the Skills Competition Wales in the Vehicle Body Repair category. Llion Hughes from Caernarfon won Silver in the same competition and there were also two bronze medals for Grŵp Llandrillo Menai students at the event.
- Trainees from the Grŵp won a total of 5 gold, 5 silver and 3 bronze medals at a pan-Wales construction skills competition organised by CITB.
- Students from the Creative Arts department at Llandrillo won a bronze medal in the Print Competition category at the International Design Awards held in Los Angeles.
- Creative Media students from Coleg Menai, Naomi Crane and Cian Williams, received awards for "Best Actress" and "Best On Set Runner" respectively at the It's My Shout awards held at the Millennium Stadium in Cardiff.

3.4 Finance

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 table below shows a reconciliation of the deficit outturn for the year to the Further Education sector EBITDA value, removing exceptional items and interest and depreciation expenditure and income. This shows that although the headline deficit has decreased in the year, the bottom line EBITDA surplus has actually reduced. The main causal effects of this reduction have been lower tuition fee and other income combined with an increase in staff costs of more than £1m due to increases in the pension contribution rate, the introduction of the apprenticeship levy and cost of living and incremental pay increases.

	2016/17 £'000	2015/16 £'000
(Deficit)/Surplus for the year	(2,262)	(2,618)
Exceptional income adjustment	(1,169)	1,338
Exceptional expenditure item	629	442
Surplus on disposal of fixed assets	(686)	-
Depreciation	4,541	4,192
Deferred Capital Grant release	(2,924)	(2,340)
Interest Receivable	(38)	(57)
Interest Payable	103	152
FRS102 Staff costs	1,783	1,054
FRS102 Interest costs	783	856
FE sector EBITDA	760	3,019

The exceptional income adjustment relates to the the provision for a clawback of FE funding in 2015/16, the bulk of which was able to be released in 2016/17.

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

Balances held in cash and on short term deposit totalled £12.4m at the year end (2016: £11.5m) and bank loan balances had reduced to £1.66m (2016: £2.8m). 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. Despite the reported deficit the Grŵp remains cash generative, enabling it to continue to invest in capital improvements for the benefit of learners.

The Grŵp's major capital projects undertaken during 2016/17 were the completion of the new Pig Unit on the farm at Glynllifon together with improvements in ICT provision across the Grŵp and capital maintenance projects.

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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 and the Grŵp continues to focus on growing its Higher Education offering with new developments in areas such as Higher Apprenticeships.

These relationships with our University partners 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 remains subject to uncertainty. Although there has been an increase in the FE recurrent funding grant for both 2016/17 and 2017/18, cost rises, particularly staffing costs, continue to grow at a faster rate. The Grŵp will continue to have to look to diversify its funding routes in the future. With regards to Higher Education, part time provision has grown and there is the potential for further growth in this area although the future grant funding remains uncertain. 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 consortium as a whole struggled to meet its contract value in 2016/17 but it is forecast that this provision is now on an upwards curve again.

The Grŵp again implemented a voluntary redundancy programme this year with a corresponding restructure of the senior management team. With increases in costs outstripping funding increases, real term funding cuts are likely to lead to further difficult decisions having to be made in future years which 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.

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

Major capital expenditure of the Grŵp in the short to medium term is focused on developments on and around the Llangefni campus relating to the Energy Island project. The Canolfan Cefni building was completed in September 2017 and there are planned further developments on the site including a new Engineering Academy.

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, with the added unknown effects of the decision of the UK to exit the European Union. 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 Financial Memorandum issued in March 2016 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 19 (2016 :23 days). The Grŵp incurred no interest charges in respect of late payment for the year ended 31 July 2017.

10. Post-balance sheet events

There are no significant post balance sheet events to note.

11. Equal Opportunities and Employment of Disabled Persons

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 and has responded positively to student feedback particularly with regards to the rollout of improved Wifi provision across the Grŵp.

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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
P O Box 3333,
One Snowhill
Snow Hill Queensway,
Birmingham,
B3 2WN

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 Grŵp'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 Grŵp'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 x 2		04. 12	FRC, CSSC
Bichan (C)	Roy	4 yrs x 2		04. 12	FRC, CC
Billcliff	Andy	4 yrs x 2		07. 14	ARC
Evans	Dafydd	Ex officio	CEO	09. 16	FRC, CSSC
Evans	Dilwyn	4 yrs x 2		04. 12	FRC, CC
Halpin	Helen	4 yrs x 2		04. 12	CSSC. CC
Joannou	Lynne	4 yrs x 2		04. 1 6	CSSC
Jones (VC)	Griff	4 yrs x 2		04. 12	FRC, CC
Jones	Wyn	4 yrs x 2		04. 12 - 04. 17	CSSC
Lavin	Peter	4 yrs x 2		04. 12	ARC
McCoy	Justin	4 yrs x 2	Teaching Staff	04. 12	CSSC
Roberts	Nadine	1 year	HE Officer	01. 17 - 07. 17	CSSC
Pugh	Hedd	4 yrs x 2		04. 12	FRC
Pierce- Williams	John	4 yrs x 2		04. 12	FRC
Pryor	Marian	4 yrs x 2		04. 1 6	ARC
Roberts	Gareth	4 yrs x 2		04. 16 - 04. 17	-
Thomas	Alun	4 yrs x 2		04. 12	FRC
Watkin	Derwena	4 yrs x 2	Non teaching staff	04. 16 - 07. 17	CSSC
Williams MBE	David	4 yrs x 2		04. 12	ARC, CC
Glyn	Gethin	1 year	SU President	09. 16 - 07. 17	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 Code of Good Governance for Colleges in Wales (2016) 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 2017 up to the date of the approval of the financial statements.

Corporation Board

The Grŵp's Corporation Board consists of independent 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 normally appointed for a four year term (renewable).

Audit and Risk Committee

The Audit and Risk Committee met four times in 2016/17. The committee operates in accordance with written terms of reference approved by the Corporation Board. It comprises of four members plus one co-opted member (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.

Chair's Committee

During the year ended 31 July 2017, 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 2017 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 Finance and 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 2017 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 2017 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 Tîm 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 Tîm 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 2017 meeting, the Corporation Board will carry out the annual assessment for the year ended 31 July 2017 by considering documentation from the Audit and Risk Committee and internal audit, and taking into account of events since 31 July 2017.

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 D Evans

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:

Dr R Bichan



Chairman

Date:

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

Report on the financial statements

Opinion

In our opinion, Grŵp Llandrillo Menai's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2017, and of the group's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK", and applicable law);
- 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprises the consolidated and parent institution Balance Sheets as at 31 July 2017; the Consolidated Statements of Comprehensive Income for the year then ended; the Consolidated and College Statement of Changes in Reserves for the year then ended; the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent institution's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 12, the Corporation is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Corporation is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the group's and parent institution's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to liquidate the group and parent institution or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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 institution'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.

Other Required Reporting

Opinions of other matters prescribed in the Further Education Audit Code of Practice 2015 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.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

19 December 2017

GRŴP LLANDRILLO - MENAI
Consolidated Statements of Comprehensive Income

	Note	Year ended 31 July 2017 GRŴP £'000	Year ended 31 July 2016 GRŴP £'000
INCOME			
Funding body grants	2	54,331	54,067
Exceptional Item:Funding clawback	2	1,169	(1,338)
Tuition fees and education contracts	3	5,947	6,590
Other income	4	7,351	7,627
Endowment and investment income	5	38	57
Total income		68,836	67,003
EXPENDITURE			
Staff costs before FRS102 costs	6	46,700	45,649
FRS102 costs		1,783	1,054
Total staff costs including FRS102 costs		48,483	46,703
Exceptional Item		629	442
Other operating expenses	8	17,245	17,276
Depreciation	10	4,541	4,192
Interest and other finance costs before FRS102	9	103	152
FRS102 interest costs		783	856
Interest and other finance costs after FRS102		886	1,008
Total comprehensive expense for the year		71,784	69,621
Deficit before other gains and losses before tax		(2,948)	(2,618)
Surplus on disposal of fixed assets		686	-
Deficit before tax		(2,262)	(2,618)

GRŴP LLANDRILLO - MENAI**Consolidated Statements of Comprehensive Income for the year ended 31 July 2017 cont'd**

	Notes	Year 2017 GRŴP £'000	Year 2016 GRŴP £'000
Deficit before tax		(2,262)	(2,618)
Taxation		-	-
		<hr/>	<hr/>
Deficit for the year		(2,262)	(2,618)
Actuarial gain/(loss) in respect of pensions schemes		27,141	(6,587)
		<hr/>	<hr/>
Total Comprehensive Income/(expense) for the year		24,879	(9,205)
		<hr/> <hr/>	<hr/> <hr/>

GRŴP LLANDRILLO - MENAI
Consolidated and College Statement of Changes in Reserves for the year ended 31 July 2017

	Income and Expenditure account	Revaluation reserve	Total excluding Non controlling interest £'000	Total Unrestricted Reserves
	£'000	£'000	£'000	£'000
GRŴP and College				
Balance at 1st August 2016	(1,464)	9,921	8,457	8,457
Deficit for the year	(2,262)	-	(2,262)	(2,262)
Actuarial gain in respect of pension schemes	27,141	-	27,141	27,141
Transfers between revaluation and income and expenditure reserves	308	(308)	-	-
Total comprehensive income for the year	<u>25,187</u>	<u>(308)</u>	<u>24,879</u>	<u>24,879</u>
Balance at 31st July 2017	<u>23,723</u>	<u>9,613</u>	<u>33,336</u>	<u>33,336</u>

GRŴP LLANDRILLO - MENAI
Balance sheets as at 31 July 2017

	Notes	GRŴP 2017 £'000	College 2017 £'000	GRŴP 2016 £'000	College 2016 £'000
Fixed assets					
Tangible fixed assets	10	84,637	84,637	87,005	87,005
Investments		50	50	50	50
		<u>84,687</u>	<u>84,687</u>	<u>87,055</u>	<u>87,055</u>
Current assets					
Stocks	13	564	564	570	570
Trade and other receivables	12	4,366	4,260	4,495	4,680
Investments	14	1,528	1,528	3,025	3,025
Cash and cash equivalents		10,902	10,817	8,510	8,147
		<u>17,360</u>	<u>17,169</u>	<u>16,600</u>	<u>16,422</u>
Less: Creditors – amounts falling due within one year	15	(7,770)	(7,579)	(6,675)	(6,497)
Net current assets		<u>9,590</u>	<u>9,590</u>	<u>9,925</u>	<u>9,925</u>
Total assets less current liabilities		94,277	94,277	96,980	96,980
Less: Creditors – amounts falling due after more than one year	16,17	(50,141)	(50,141)	(52,947)	(52,947)
Provisions					
Defined benefit obligations	21	(7,164)	(7,164)	(31,739)	(31,739)
Other provisions	19	(3,636)	(3,636)	(3,837)	(3,837)
Total net assets		<u>33,336</u>	<u>33,336</u>	<u>8,457</u>	<u>8,457</u>
Unrestricted reserves					
Income and expenditure account		23,723	23,723	(1,464)	(1,464)
Revaluation reserve		9,613	9,613	9,921	9,921
Total unrestricted reserves		<u>33,336</u>	<u>33,336</u>	<u>8,457</u>	<u>8,457</u>

The financial statements on pages 14 to 40 were approved and authorised for issue by the Corporation on 7th December 2017 and were signed on its behalf on that date by:



Dr R Bichan
Chairman



Mr D Evans
CEO



Mrs K Coughlin
Executive Director
Corporate Services

GRŴP LLANDRILLO - MENAI**Consolidated Statement of Cash Flows for the year ended 31 July 2017**

	2017 £'000	2016 £'000
Cash inflow from operating activities		
Deficit for the year	(2,262)	(2,618)
Adjustment for non cash items		
Depreciation	4,541	4,192
Decrease in stocks	7	6
Decrease in debtors	922	72
(Decrease)/Increase in creditors due within one year	(167)	569
Decrease in provisions	(201)	(194)
Pensions costs less contributions payable	1,783	1,032
Adjustment for investing or financing activities		
Investment income	(38)	(57)
Interest payable	103	152
Deferred capital grants released to income (note17)	(2,924)	(2,340)
FRS 17 pension finance income including curtailments	783	878
(Increase)/Decrease in prepayments, accrued income and Welsh Government debtors	(793)	609
Increase/(Decrease) in accruals	1,448	(421)
(Decrease)/Increase in deferred income	(1,178)	2,029
Profit on sale of fixed assets	(686)	-
Net cash flow from operating activities	1,338	3,909
Cash flows from investing activities		
Proceeds from sale of fixed assets	748	-
Investment income	38	57
Payments made to acquire fixed assets	(2,975)	(3,713)
Deferred capital grants received	2,554	379
Payments from/(into) short term cash deposits	1,497	(2,504)
	1,862	(5,781)
Cash flows from financing activities		
Interest paid	(103)	(152)
Capital element of bank loan repayments	(705)	(459)
	(808)	(611)
Increase/(decrease) in cash and cash equivalents in the year	2,392	(2,483)
Cash and cash equivalents at beginning of the year	8,510	10,993
Cash and cash equivalents at end of the year	10,902	8,510

GRŴP LLANDRILLO - MENAI

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF PRINCIPAL ACCOUNTING

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 2016-2017 .

Basis of Consolidation

The consolidated financial statements include the financial statements of the Grŵp and subsidiary undertaking for the financial year to 31 July 2017 . 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 £1.7m (2016: £2.3m) 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.

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

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

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.

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017

1 STATEMENT OF PRINCIPAL ACCOUNTING

Subsequent expenditure on existing tangible

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
- Significant extension of the asset's life beyond that conferred

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 2017

1 STATEMENT OF PRINCIPAL ACCOUNTING

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 Grŵp'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

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 cont'd
FOR THE YEAR ENDED 31 JULY 2017

2 FUNDING BODY GRANTS

	GRŴP 2017 £'000	GRŴP 2016 £'000
DFES Recurrent grant	40,775	40,749
Work -based Learning	6,650	7,344
Release of deferred DFES capital grant	2,924	2,340
DFES LLDD grant	1,709	1,696
HEFCW Recurrent grant	533	388
Other DFES Grants	1,740	1,550
	<u>54,331</u>	<u>54,067</u>

The exceptional income adjustment relates to a clawback relating to the 2014/15 funding. Despite the confirmation from Welsh Government in November 2016 that no clawback would be incurred against the shortfall on 2014/15, a letter was received in August 2016 stating that £1.338m would be reclaimed.

No provision had been made for this shortfall and reclaim in 2014 /15 financial statements and it is therefore shown as an exceptional item in 2015/16. The clawback funding target for 2015/16 has been achieved. The Welsh Government confirmed that £1.169m of the clawback could be released in 2016/17 and this has been disclosed as an exceptional item.

3 TUITION FEES AND EDUCATION CONTRACTS

	GRŴP 2017 £'000	GRŴP 2016 £'000
UK Higher Education students	4,045	4,187
UK Further Education students	1,314	1,523
Non European Union students	<u>136</u>	<u>260</u>
Total Fees paid by or on behalf of individual students	5,495	5,970
Education Contracts:		
Franchise Income	<u>452</u>	<u>620</u>
	<u>5,947</u>	<u>6,590</u>

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

4 OTHER INCOME

	GRŴP 2017 £'000	GRŴP 2016 £'000
European Funds	1,367	566
Catering (refectory and restaurant)	1,272	1,325
Farming activities	641	513
Other grant income	811	1,367
Other income generating activities (Grwp)	3,260	3,856
	<u>7,351</u>	<u>7,627</u>

5 ENDOWMENT AND INVESTMENT INCOME

	GRŴP 2017 £'000	GRŴP 2016 £'000
Pension finance income	0	0
Interest on cash deposits	38	57
	<u>38</u>	<u>57</u>

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

6 STAFF COSTS

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

	2017	2016
	No.	No.
		Restated
Teaching Departments	826	818
Teaching Support Services	168	167
Other support services	134	133
Administration and central services	56	56
Premises	40	40
Catering and Residences	28	28
Farming Activities	6	6
	<u>1,258</u>	<u>1,248</u>

Staff costs for the above persons

	GRŴP	GRŴP
	2017	2016
	£'000	£'000
Teaching Departments	36,073	34,650
Teaching Support Services	5,629	5,406
Other support services	1,197	990
Administration and central services	4,229	3,969
Premises	1,193	1,128
Catering and Residences	558	568
Farming Activities	158	152
Retirement and restructuring costs	75	282
	<u>49,112</u>	<u>47,145</u>

Analysed by:

	GRŴP	GRŴP
	2017	2016
	£'000	£'000
Wages and salaries	37,309	36,759
Social security costs	3401	2843
Pension costs (including FRS102	7,698	6,750
Retirement and restructuring costs	75	351
	<u>48,483</u>	<u>46,703</u>
Exceptional restructuring costs	629	442
	<u>49,112</u>	<u>47,145</u>

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

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.

	2017 No.	2016 No.
The number of senior post holders including the Grwp Chief Executive Officer was:	<u>7</u>	<u>5</u>

The number of senior post-holders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,001 to £70,000	0	0	16	14
£70,001 to £80,000	0	0	0	0
£80,001 to £90,000	0	0	0	0
£90,001 to £100,000	0	0	1	1
£100,001 to £110,000	2	0	0	0
£110,001 to £120,000	0	2	0	0
£120,001 to £130,000	3	2	0	0
£130,001 to £140,000	0	0	0	0
£140,001 to £150,000	0	0	0	0
£150,001 to £160,000	1	0	0	0
£160,001 to £170,000	1	1	0	0
	<u>7</u>	<u>5</u>	<u>17</u>	<u>15</u>

Glyn Jones, CEO retired and Dafydd Evans commenced as CEO in September 2016. Two new Executive Directors commenced one in November and one in December. The salaries for these employees are grossed up in the table above

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

7 SENIOR POST-HOLDERS cont'd

Senior post holders emoluments are made up as follows:

	2017 £'000	2016 £'000
Salary (including increment and pay award)	711	627
Benefits in kind	10	17
	<u>721</u>	<u>644</u>
Pension contributions	120	81
Total emoluments	<u>841</u>	<u>725</u>

The above emoluments include amounts paid to the highest paid senior post holder:

	2017 £'000 New Postholder	2017 £'000 Retired in year	2016 £'000
Salary (including increment and pay award)	155	26	155
Benefits in kind	2	6	11
	<u>157</u>	<u>32</u>	<u>166</u>
Pension contributions	<u>29</u>	<u>0</u>	<u>0</u>

Compensation for loss of office paid to former key management personnel

	2017 £'000	2016 £'000
	<u>79</u>	<u>0</u>

The compensation for loss of office related to 2 Assistant Principals who took voluntary redundancy during the year.

The members of the Corporation other than the Grwp Chief Executive Officer did not receive any payment from the Grwp other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

OVERSEAS ACTIVITIES – excluding student overseas activity

The following net costs were incurred during 2016-2017 in respect of overseas activities which were carried out in accordance with the

	Travel and Accommodation £	Subsistence £	Other Costs £	Number of Visits Number
Governors	0	0	0	0
Senior Post holders	0	0	0	0
Other individuals	4,800	850	1,705	19

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

8 OTHER OPERATING COSTS

	GRŴP 2017 £'000	GRŴP 2016 £'000
Teaching departments	4,612	4,799
Teaching support services	203	132
Other support services	350	375
Administration and central services	2,208	1,953
General education expenditure	1,796	1,949
Premises Costs Running Costs	3,232	3,389
Premises Costs Maintenance	1,994	1,584
Premises Costs Rents and Leases	284	276
Long term maintenance	150	150
Other expenses	2,416	2,669
Total	17,245	17,276

	GRŴP 2017 £'000	GRŴP 2016 £'000
Other operating expenses include:		
Auditors' remuneration:		
Financial statements audit	54	43
Internal audit	25	25
Other services provided by the internal auditors	0	9
Hire of assets under operating leases	2	2

9 INTEREST AND OTHER FINANCE COSTS

	GRŴP 2017 £'000	GRŴP 2016 £'000
On bank loans :		
Repayable within five years, by instalments	50	95
Repayable wholly or partly in more than five years	53	57
	103	152
Pension finance costs	783	856
Total	886	1,008

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

10 Tangible fixed assets (GRŴP)

	Land and Freehold buildings	Assets in the Course of Constructi on	Heritage Asset - Work of Art	Equipment	Motor Vehicles	Assets Held Awaiting Disposal	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 August 2016	118,114	2,920	5	10,989	34	1,100	133,162
Additions	1,113	586	-	1,276	-	-	2,975
Reallocation	2,527	(2,540)	-	-	-	13	-
Disposal	-	-	-	-	-	(1,113)	(1,113)
At 31 July 2017	121,754	966	5	12,265	34	-	135,024
Depreciation							
At 1 August 2016	36,235	-	-	9,656	2	264	46,157
Charge for the year	3,543	-	-	996	2	-	4,541
Reallocation	(47)	-	-	-	-	47	-
Disposal	-	-	-	-	-	(311)	(311)
At 31 July 2017	39,731	-	-	10,652	4	-	50,387
Net book value at 31 July 2017	82,023	966	5	1,613	30	-	84,637
Net book value at 31 July 2016	81,879	2,920	5	1,333	32	836	87,005

	Land and Freehold buildings	Assets in the Course of Constructi on	Heritage Asset - Work of Art	Equipment	Motor Vehicles	Assets Held Awaiting Disposal	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Inherited	9,613	-	-	-	-	-	9,613
Financed by Capital Grant	47,674	132	-	269	30	-	48,105
Other	22,196	3,374	5	1,344	-	-	26,919
Net book value at 31 July 2017	79,483	3,506	5	1,613	30	-	84,637

(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 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 £7,019,000 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 asset held awaiting disposal is a property in Colwyn Bay, the sale was completed after 31 July 2016

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

11 Non current Investments

	GRŴP 2017 £'000	GRŴP 2016 £'000
Investment in Shares	50	50
Total	<u>50</u>	<u>50</u>

12 Trade and Other Receivables

	GRŴP 2017 £'000	College 2017 £'000	GRŴP 2016 £'000	College 2016 £'000
Amounts falling due within one year:				
Trade receivables	779	779	1,701	1,701
Prepayments and accrued income	1,985	1,879	1,414	1,599
Amounts owed by the Welsh Government and associated	1,602	1,602	1,380	1,380
Total	<u>4,366</u>	<u>4,260</u>	<u>4,495</u>	<u>4,680</u>

13 Stocks

	GRŴP 2017 £'000	College 2017 £'000	GRŴP 2016 £'000	College 2016 £'000
Stocks	<u>564</u>	<u>564</u>	<u>571</u>	<u>571</u>

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

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

14 Current investments

	GRŴP 2017 £'000	College 2017 £'000	GRŴP 2016 £'000	College 2016 £'000
Short term deposits	1,528	1,528	3,025	3,025
	<u>1,528</u>	<u>1,528</u>	<u>3,025</u>	<u>3,025</u>

The Grŵp has invested in two accounts that require 95 days notice to access the funds.

15 Creditors: amounts falling due within one year

	GRŴP 2017 £'000	College 2017 £'000	GRŴP 2016 £'000	College 2016 £'000
Bank loans	518	518	704	704
Trade payables	701	701	868	868
Other taxation and social security	-	-	-	-
Accruals and deferred income	6,551	6,360	5,103	4,925
	<u>7,770</u>	<u>7,579</u>	<u>6,675</u>	<u>6,497</u>

16 Creditors: amounts falling due after one year

	GRŴP 2017 £'000	College 2017 £'000	GRŴP 2016 £'000	College 2016 £'000
Bank loans	1,139	1,139	1,658	1,658
Deferred income	897	897	2,075	2,075
	<u>2,036</u>	<u>2,036</u>	<u>3,733</u>	<u>3,733</u>

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

	Total £'000
17 Deferred Capital Grants	
At 1 August 2016	
Buildings	48,881
Equipment	333
	<u>49,214</u>
Cash received	
Buildings	984
Equipment	1,570
Released to income and expenditure account	
Sale of building	(739)
Buildings	(2,895)
Equipment	(29)
At 31 July 2017	
Buildings	46,231
Equipment	1,874
	<u>48,105</u>

18 Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	GRŴP 2017 £'000	GRŴP 2016 £'000
In one year or less	518	704
Between one and two years	416	518
Between two and five years	723	727
In five years or more	-	413
Total	<u>1,657</u>	<u>2,362</u>

Bank loans totalling £905k 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.

A new 'Invest to Save' loan was taken out during the year. The loan is for £200,000, it is interest free and repayable by installments falling due between 2017 to 2022

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

19 Other Provisions

	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2016	3837	0	3,837
Transferred from income and expenditure account	(201)	-	(201)
At 31 July 2017	3,636	-	3,636

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 2016/2017. The provision has been calculated following the change of pension increase assumption of CPI.

The principal assumption for this calculation are:

	2017	2016
Net interest rate	1.30%	1.30%

20 Events after the reporting period

There are no events after the reporting period

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

21 Defined benefit obligations

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	2017 £'000	2016 £'000
Teachers Pension Scheme: contributions paid	2,982	2,949
Local Government Pension Scheme:		
Contributions paid	2,932	2,746
FRS 102 (28) charge	<u>1,783</u>	<u>1,054</u>
Charge to the Statement of Comprehensive Income	4,715	3,800
Enhanced pension charge to Statement of Comprehensive Income	(201)	69
Total Pension Cost for Year	<u>7,496</u>	<u>6,818</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 2016.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2016, by the Teachers' Pension Scheme Regulations 2016. 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.

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

21 Defined benefit obligations (cont'd)

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 2016. The valuation report was published by the Department for Education (the Department) on 9 June 2016. 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);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2016.

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

<https://www.teacherspensions.co.uk/news/employers/2016/06/publication-of-the-valuation-report.aspx>

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 2016.

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 2016 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 2016 and the reformed scheme will commence on 1 April 2016.

The pension costs paid to TPS in the year amounted to £2,982,000 (2016: £2,949,000)

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

21 Defined benefit obligations (cont'd)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

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 2017 was £3,839,000 (2016 -£3,613,000) of which employers contributions totalled £2,932,000 (2016 - £2,746,000) and employees contributions totalled £907,000 (2016 -£861,000). 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 2017	Band from 1 April 2016	Contribution Rate
Whole Time Pay	Whole Time Pay	
£0-£13,700	£0-£13,600	5.5%
£13,701 - £21,400	£13,601 - £21,200	5.8%
£21,401 - £34,700	£21,201 - £34,400	6.5%
£34,701 - £43,900	£34,401 - £43,500	6.8%
£43,901 - £61,300	£43,501 - £60,700	8.5%
£61,301 - £86,800	£60,701 - £86,000	9.9%
£86,801 - £101,200	£86,001 - £101,200	10.5%
£101,201 - £153,300	£101,201 - £151,800	11.4%
More than £153,301	More than £151,801	12.5%

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the Fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	2.20%	3.90%
Future pensions increases	2.20%	1.90%
Discount rate for scheme liabilities	2.70%	2.40%
Commutation of pensions to lump sums	50%	50%

Commutation

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

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

	At 31 July 2017	At 31 July 2016
	years	years
<i>Retiring today</i>		
Males	21.40	22.00
Females	23.80	24.00
<i>Retiring in 20 years</i>		
Males	22.80	24.40
Females	25.50	26.60

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

21 Defined benefit obligations (continued)

Local Government Pension Scheme (Continued)

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:

	Fair Value at 31 July 2017	Fair Value at 31 July 2016
	£'000	£'000
Total market value of assets	95,007	86,250
Present value of scheme liabilities		
- Funded	(101,931)	(117,743)
- Unfunded	(240)	(246)
Deficit in the scheme	(7,164)	(31,739)

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.

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	4709	3839
Past service cost	24	22
Total	4733	3861

Amounts included in investment income

Net interest income	2878	3,546
	2878	3546

Amounts recognised in Other Comprehensive Income

Return on pension plan assets	(2,095)	(2,690)
Experience losses arising on defined benefit obligations	-	(293)
Changes in assumptions underlying the present value of plan	-	(310)
Amount recognised in Other Comprehensive Income	5,516	4,114

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NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

21 Defined benefit obligations (cont'd)

Local Government Pension Scheme (cont'd)

Movement in net defined benefit (liability)/asset during the year

	2017	2016
	£'000	£'000
(Deficit) in scheme at 1 August	(31,739)	(23,242)
Movement in year:		
Current service cost	(4,709)	(3,839)
Employer contributions	2,950	2,807
Net interest on the defined (liability)/asset	(807)	(878)
Actuarial gain or loss	27,141	(6,587)
Net defined benefit (liability)/asset at 31 July	(7,164)	(31,739)

Asset and Liability Reconciliation

	2017	2016
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	117,989	96,467
Current Service cost	4,709	3,839
Interest cost	2,878	3,546
Contributions by Scheme participants	905	876
Experience gains and losses on defined benefit obligations	(22,720)	13,886
Estimated benefits paid	(1,614)	(647)
Curtailments and settlements	24	22
Defined benefit obligations at end of period	102,171	117,989

Reconciliation of Assets

Fair value of plan assets at start of period	86,250	73,225
Interest on plan assets	2,095	2,690
Return on plan assets	4,421	7,299
Employer contributions	2,950	2,807
Contributions by Scheme participants	905	876
Estimated benefits paid	(1,614)	(647)
Assets at end of period	95,007	86,250

The estimated value of employers contributions for the year ended 31 July 2018 is £3,020,000. The present value of unfunded liabilities is £ 240,000 (2016 - £246,000).

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FOR THE YEAR ENDED 31 JULY 2017

22 CAPITAL COMMITMENTS (GRŴP AND COLLEGE)

GRŴP and College

	2017	2016
	£'000	£'000
Authorised but not committed as at 31 July	8,600	466
Commitments contracted for at 31 July	0	0

Commitments under finance leases entered into but not yet provided for in the financial statements

23 FINANCIAL COMMITMENTS (GRŴP AND COLLEGE)

At 31 July 2017 the Grwp had annual commitments under non-cancellable operating leases as follows:

	2017	2017	2016	2016
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Expiring between two and five years inclusive	0	2	0	2
Expiring in over five years	0	0	0	0
	0	2	0	2

GRŴP LLANDRILLO - MENAI
NOTES TO THE FINANCIAL STATEMENTS cont'd
FOR THE YEAR ENDED 31 JULY 2017

24 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.

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.

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.

Connected Board Members	Organisation	Nature of Relationship	Income £	Payments £
Dr H R Bichan	North Wales Economic Ambition Board	Vice Chair	15,548	-
	Colwyn Bay Cricket Club	Trustee	-	150
Mr J Bellis	Denbigh and Flint Agricultural Show	Director	-	888
Mr Dafydd Evans	North Wales Economic Ambition Board	Member	15,548	-
	Colegau Cymru	Director	37,212	-
Ms H Halpin	Carl Kammerling International Ltd	Director	1,460	-
Dr G Jones	University of Bangor	Member	352,629	276,619
	Ysgol Gyfun	Governor	15,481	-
Cllr W Jones	Conwy County Council	Elected Member	48,121	103,409
Mr P Lavin	Castle Hotel	Director	975	-
	North Wales Tourism Limited	Director	-	-
Ms M Pryor	North Wales Housing	Member	8,950	-
	Anglesey County Council	Employed	208,565	14,280
Mr H Pugh	FUW	Member	72	-
	Urdd Gobaith Cymru	Member	23	10,336
Mr A W Thomas	JW Hughes and Co	Partner	-	11,299
Cllr G Thomas	Gwynedd Council	Councillor	3,435	99,875
Mr D W Williams MBE	University of Bangor	Hon Treasurer	352,629	276,619
Ms L Joannou	Betsi Cadwaladr Health Board	Employed	14,858	60,134

25 FINANCIAL CONTINGENCY FUND

The Grŵp Llandrillo - Menai allocation was distributed as follows:

	2017 £'000	2016 £'000
DFES grants	763	848
Disbursed to students	(657)	(721)
Administration Costs	(26)	(26)
Consolidated in financial statements	(80)	(101)
Balance unspent	0	0