

**Bridgend College
Coleg Penybont**

**Report and Financial
Statements**

**Adroddiad a Datganiadau
Ariannol**

**For the year ended 31 July 2017
Y flwyddyn a gwblhawyd 31
Gorffennaf 2017**

**Bridgend College
Coleg Penybont**



KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2016/17:

Simon Pirotte	Principal, Chief Executive Officer and Accounting Officer
Viv Buckley	Deputy Principal - Curriculum / Teaching & Learning
Andrew Gibbs	Vice Principal - Resources
Sarah King	Vice Principal - Wellbeing
Robert Evans	Vice Principal - Curriculum & Quality
Matthew Williams	Director of Engage Training & Work Based Learning
Nerys Gimblett	Director of IT, Digital Development & Marketing
Joe Baldwin	Director of Learner Services
Sara Foster	Director of Funding, Registry & Finance
Karen Lamprey	Director of Quality, Standards & Skills
Kathryn Sweet	Director of Higher Education
Elisabeth Evans	Director of Further Education

Board of Governors

A full list of Governors is given on page 11 of these Financial Statements.

Mrs N Eyre acted as the Clerk to the Corporation; Mrs A Morgan acted as Interim Clerk to the Corporation throughout the period of Mrs N Eyre's absence.

Professional advisers

Financial statements auditors and reporting accountants:

Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
Oxford
OX4 2WB

Internal auditors:

RSM Risk Assurance Services LLP
Suite 205, Regus House
Malthouse Avenue
Cardiff Gate Business Park
Cardiff
CF23 8RU

Bankers

Barclays Bank PLC
36 Dunraven Place
Bridgend
CF31 1HY

Solicitors

Capital Law
Capital Building
Tyndall Street
Cardiff
CF10 4AZ

Eversheds

1 Callaghan Square
Cardiff
CF10 5BT

Subsidiary Companies

The People Business, Wales Limited
Engage Business Wales Limited

Company number: 04083973
Company number: 09701651

For the year ending 31 July 2017 both of the above companies were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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STRATEGIC REPORT

Nature, objectives and strategies

The members present their report and the audited Financial Statements for the year ended 31 July 2017.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Bridgend College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as Bridgend College of Arts and Technology. On 1 October 2001, the Secretary of State granted consent to the Corporation to change the College's name to Bridgend College.

MISSION

The College mission statement is
Be all that you can be.

VALUES

People centred
Inspirational
Passionate
Innovative

Public Benefit

Bridgend College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Cabinet Secretary for Education within Welsh Government. The members of the Governing Body are disclosed on page 11.

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

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

The delivery of public benefit is covered throughout the Members' Report.

Implementation of strategic plan

The current strategic plan runs for the period from 1 August 2014 to 31 July 2019. The Corporation monitors the performance of the College, and the plan is reviewed and updated accordingly each year.

The College's continuing strategic objectives are to be:

- Excellent:
 - 90% successful completion rate
 - All areas judged "Excellent" by Estyn
 - All learning areas judged "Excellent" by Welsh Government (85%+)
- Efficient:
 - Turnover to exceed £30 million with a maximum of 58% reliance on Welsh Government funding
 - Minimum of 2% turnover as operational surplus
 - Achieve 30 days cash (net liquid assets) equating to 1 month of expenditure
- Engaging:
 - In Times Top 100 Public Sector companies to work for
 - In top 3 college in Welsh Government Learner Voice Survey
 - Staff Survey provides results that are in the top 25%

The College has already achieved some of these objectives and is on target for achieving all of the above by 2019.

Performance indicators

A series of corporate performance indicators have been agreed with the Governing Body to monitor the successful implementation of the policies. These are shown in the chart below:

KPI Ref.	College Targets	2019 Target	2016/17 Target	2016/17 Actual
1	Successful Completion 2015/16	90%	86%	86%
2	Estyn inspection of curriculum areas	Excellent	Good	Excellent
3	WG rating of curriculum areas	Excellent	Good	Good
4	Turnover level (YTD)	£30m	£25.2m	£26.6m
5	Operating Surplus as a % of Turnover (YTD)	2%	1.6%	4.1%
6	Cash expressed as number of days expenditure (YTD)	30 days	36 days	51 days
7	Times Top 100 Employer accreditation	Achieved	-	Achieved
8	Ranking for Welsh Government Learner Voice Survey	Top Quartile	1st	N/A
9	Staff Survey results in top quartile	Top Quartile	1 st / 2 nd Quartile	Achieved
10	Delivery expressed as a % of Funding	-	97.5%	94.0%

Progress is tracked through the year in every Governing Body meeting with the final assessment for the year shown below:

KPI Ref.	College Targets - Commentary
1	The final Learner Outcome Report shows the College as delivering a Successful Completion rate for Main Qualifications of 86%. When compared with other colleges we rank 2nd across the sector, only just behind St David's, a faith-based specialist A level College.
2	The College received a rating of 'Excellent' at the recent Estyn Inspection. This has now been confirmed in the final report issued in June 2016.
3	Under current internal monitoring each curriculum area is assessed independently, the results include 14 areas classified as Excellent (>=85%), 8 are Good (>75%<84%) whilst one is classified as Adequate (>53%<74%).
4	Total turnover for the year ending 31 July 2017 is £26.6m.
5	An Operating Surplus of £1.1m is equivalent to 4.1% of turnover.
6	Total cash stood at £3.8m at year end which equates to approximately 51 days of expenditure.
7	The College won 28th place in the Times Top 100 Not For Profit Best Companies 2017.
8	DfES has now ended this survey so a new measure will need to be considered in the future.
9	The 2016/17 staff survey has achieved results in the 1 st / 2 nd quartile as per the target.
10	The College has delivered 94% of its funding target. This equates to a potential claw-back of £543k and this amount has been provided for in these accounts. This is in addition to the £165k relating to the under-delivery against target for 2015/16. The plan for 2017/18 provides an opportunity for over-delivery in order to compensate for the shortfall and avoid clawback.

FINANCIAL POSITION

Financial results

The Group generated a deficit before other gains and losses in the year of £318k (2015/16: restated surplus of £353k), with total comprehensive income of £6,258k (2015/16: (£5,253k)).

The Group has reserves of £4,172k (2015/16: (£2,053k)) and cash and short term investment balances of £3,779k (2015/16: 2,767k).

Tangible fixed asset additions during the year amounted to £1,625k. This included land and buildings additions of £82k and equipment purchased of £1,390k.

The Group has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17, the FE funding bodies provided 61.7% (2015/16: 62%) of the Group's total income.

The College has two subsidiary companies; Engage Business Wales Limited and The People Business Wales Limited. The principal activities of Engage Business Wales Ltd are the provision of commercial and bespoke employer training courses, whilst The People Business Wales Ltd carries out training courses for post 16 learners including The Prince's Trust Programme. In the current year, both companies were loss making.

Treasury policies and objectives

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

The College has a separate treasury management policy in place.

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

Cash flows and liquidity

The Group's cash balance at 31 July 2017 was £3.8 million; this is an improvement from last year's balance of £2.8 million. Net cash flow from operating activities also increased this year, totalling £3.3 million at 31 July 2017 (2015/16: £2.5 million). The College has made great efforts to improve its cash position in recent years, and exceeding its target of 30 days cash in line with the strategic plan.

Group	2015/16	2016/17	Increase
Cash position	£2.8m	£3.8m	£1m
Cash days	39	50	11

Operating profit

Group operating profit and operating profit as a percentage of turnover are detailed in the table below:

Group	2015/16	2016/17
Income	£26.4m	£27.1m
Pay expenditure*	£15.5m	£16.9m
Non-pay expenditure	£9.7m	£9.2m
Operating Profit	£1.2m	£1.0m
Operating Profit as a % of income	4.5%	3.7%

* excluding FRS 102 accounting adjustments and restructuring costs £1.3m (2015/16: £0.9m)



Group - 61.7% reliance on Welsh Government funding - on target to achieve Strategic Plan target of 58% reliance by 2019.



Group - 50 Cash days - exceeding Strategic Plan target of 30 days by 2019.



Group - Operating surplus as a percentage of turnover - exceeding Strategic Plan target of 2% by 2019.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

The College has delivered improved financial health in recent years, despite increasing financial constraints on the further education sector. In particular, significant efforts have been applied to cash management employing strong financial control and innovation and creativity in leveraging the funds from the Welsh Government and other external sources of income. The table below identifies a trend of improved financial health and performance over the last five years.

Group	2012/13	2013/14	2014/15	2015/16	2016/17
Income	£28,990k	£28,584k	£28,907k	£26,416k	£27,061k
Cash generated	£137k	£751k	£69k	£1,239k	£1,012k
Cash days	8	19	19	39	50

Learner numbers

In 2016/17, the College delivered to almost 3,000 Full-Time students and approximately 2,000 part-time students across a range of Further Education, Higher Education and Work Based Learning activities. Despite a reducing demographic in the 16 to 19 year age group the College has managed the decline in learners and avoided large fluctuations in our full time numbers; this is as a result of a flexible curriculum, strong marketing and being recognised locally and nationally as an excellent College.

College Performance

The College has had another extremely successful year, overall results for the 2016/17 academic year are unconfirmed, but the College is predicted to maintain its excellent successful completion rates for another year. In 2015/16 the College achieved the highest successful completion results in the sector for Main Qualifications, with 11 out of the 17 sector subject areas ranked as 'Excellent', and 5 as 'Good'. In All Qualifications, 16 out of 22 Sector Subject Areas were ranked 'Excellent', and 4 as 'Good'.

Learner achievements

Students continue to prosper at the College, and in addition to their academic performance the College is proud to report the following achievements of our learners:

Apprentice of the Year

Maria Brooks, an apprentice from Ford Motor Company won the National Training Federation Wales Apprentice of the Year award; this is the second consecutive year where a College apprentice has won this accolade.

Silver Medal at RHS Cardiff Flower Show 2017

Five HND Landscape Construction & Garden Design learners were awarded a Silver Gilt medal for their garden named 'Y Feudwyaeth' (The Hermitage) at the RHS Cardiff Flower Show.

Big Ideas Wales

Bridgend College learners showcased their innovative business ideas and entrepreneurial skills at the event hosted by Big Ideas Wales, winning three awards; Social Impact Award, Best Display Stand and Bridgend College alumni Geraint Robson and Caitlyn Corless won Outstanding Business outside Education Award for their business 'Ddraig Valley'.

Equine National Inter-College competition

Horse Management learners took part in the National Inter-College Competition at Warwickshire College, entering two teams who won first and fifth place.

Launch of Ddraig Valley Farm Park

Ddraig Valley Farm Park has been set-up by award winning former Bridgend College students, Geraint Robson and Caitlyn Corless and is located on the grounds of Pencoed Campus. The attraction offers a unique mix of farm animals, reptiles and birds and offers visitors a chance to get up close to interesting and unusual wildlife.

Silver award success at Skills Wales competition

Health and Social Care learners won a Silver award at the Skills Wales competition in College Cambria.

Grow Wild competition

Pre-Vocational BTEC Level 1 learners have won the Grow Wild competition for their entry of 'Grow Wild Transform a Space' video. Grow Wild is an organisation promoting native wild flowers and plants in urban spaces. It is part

of the Royal Botanical Gardens, Kew and is funded by the National Lottery.

Bridgend College learners shortlisted for 2017 VQ Awards

Maria Brooks and Mitchell Rees were selected for the final twelve nominations from across Wales. Maria was a finalist for the VQ Intermediate Learner of the Year, with Mitchell in the VQ Higher Learner of the Year category.

Welsh Colleges Girls Rugby

Kayleigh Powell, a second year Sport learner competed for the Welsh Colleges Girls Rugby team at the AoC Sport National Championship, winning a gold medal.

Equine learner achieves BHS Stage 2

Curriculum developments

The College exists for its learners and will provide a range of curriculum choices that provide stimulating learning experiences for all which will assist the pursuit of a rewarding life and career. We wish to attract learners of all ages and backgrounds and to provide a personalised learning experience that will allow the development of the skills, knowledge and attributes necessary for successful outcomes, such as progression to further study, employment or personal development.

The College sees itself as a major and indispensable resource for its local communities, essential to the economic well-being of the area which it serves and having a major role in the delivery of the Welsh Government's 4 key priorities for the FE sector:

- Jobs & Growth
- Financial Sustainability
- Equality & Equity
- International Benchmarking

We are committed to working closely with all our stakeholders, participating actively in all relevant local fora, and develop a curriculum that responds positively and flexibly to identified needs. The curriculum is critical in helping the College achieve a secure financial base and must be run efficiently so that we can achieve maximum value for money in the delivery of our services.

The Curriculum Strategy is in line with the College's vision, values and strategic aims. The College will develop and support the continuous improvement of the complete learner experience and will aim to deliver an evolving curriculum that is prioritised in relation to social and economic need, government policy and resource availability.

The College aims to continually review its curriculum portfolio to:

- Meet and address demand
- Facilitate progression opportunities to FE, HE and employment

Darcey Padwick, Level 3 Extended Diploma in Equine learner has recently passed her British Horse Society Stage 2 Examination. This is a stage below becoming a qualified instructor and a prestigious external vocational exam.

Football Academy

Our excellent Football Academy achieved a superb double at the first and second team levels, winning the Welsh Colleges football league.

BBC Young Dancer Finalist

Bridgend College learner Kate Morris, currently studying Performing Arts, was recently in the final of the 'street dance' category of the 'BBC Young Dancer' competition on BBC4.

- Develop specialist and transferable skills and thus enhance employability
- Develop partnerships and collaboration opportunities with external organisations including business and industry, local employers, Councils, Chambers of Commerce, Schools and Learning Communities, Universities and Sector Skills Councils (SSCs)
- Develop Welsh Language opportunities
- Promote social inclusion, enterprise and entrepreneurship, education for sustainable development and global citizenship (ESDGC) and international opportunities

During the 2016/17 academic year further developments included:

- Development of new Higher Education courses in partnership with the University of South Wales and Cardiff Metropolitan University;
- Development of a new Higher Apprenticeship Programme;
- Further development of the Accelerated Learning programme as part of the Welsh Government Creative Solutions project;
- Securing funding for investment in sensory rooms and specialist facilities for our Residential Home for learners with disabilities;
- Launch of the Penybont 6th Form in partnership with Pencoed Comprehensive School which has resulted in increased success rates and recruitment in its first year;
- Development of Junior apprenticeship programme for launch in September 2017

Payment performance

The Late Payment of Commercial Debts (Interest) Act 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. During the accounting period 1 August 2016 to 31 July 2017, the College achieved payment of 91 per cent of its invoices

within 30 days. The prior year comparator stood at 92 per cent. The College incurred no interest charges in respect of late payment for this period.

Sustainability

The College continues to be a sector leader in sustainability and work is on-going to embed a culture of sustainable development and global citizenship amongst our learners and staff. During the year the following awards, policies and partnerships further supported the sustainability of the college and wider community;

- Achievement of Platinum Corporate Health Standard
- Achievement of the Welsh Government Green Travel Plan Award
- Outstanding and commended Safety Performance RoSPA Awards
- Official member of the River of Flowers Biodiversity and Conservation group
- Winner of Sustainable College of the Year - Sustain Wales Awards 2015

Events after the end of the reporting period

There were no significant post Balance Sheet events.

Future prospects

The College continues to seek ways of increasing learner numbers and has plans in place to expand its offering of post-16 education courses. Significant growth was achieved during the year on the College's Work Based Learning contract and future plans forecast continued success and increased gains in this area. There are plans to maintain the current level of HE income which is already the biggest provider of HE in any Welsh FE College. The College already has a low reliability on central funding and seeks to further reduce its dependency by seeking opportunities for growth in commercial income.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the two main college sites at Cowbridge Road and Pencoed which includes significant areas of land; in addition the College owns property at the Queens Road site, and the subsidiary company The People Business Wales Limited has property investments at 12-14 Holton Road, Barry.

Financial

The College has £4.6 million total net assets (which include £12.4 million pension liability) and long term debt of £2.5 million.

People

The College employs 465 people (expressed as full time equivalents), of whom 233 are teaching staff.

Reputation

The College is award winning and has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. Success in 2016/17 included:

- Winners of Association of Colleges (AoC) Beacon Award for "Development of Transferable Skills"
- Shortlisted for two TES FE Awards, 'Support for Learners' and 'Assessor of the Year'
- The only FE College to be named by Wales' Chief Inspector of Schools Meilyr Rowlands as highlighting best teaching practice
- 28th Place in The Sunday Times 100 Best Not-for-Profit Organisations to work for 2017
- Bridgend College Governor Dr John Graystone awarded TES FE Awards 2017 Lifetime Achievement Award
- Coutryside Management lecturer Lyn Evans awarded Medal of Excellence from City & Guilds and nominated for 'Tutor of the Year' award

Principal risks and uncertainties

Based on the strategic plan, the College undertakes a comprehensive review of the risks to which it is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and, through regular review, their effectiveness and progress is monitored. As part of this review process consideration is given to potential additional risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at every Audit Committee and annually by the Governing Body. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a matrix scoring system.

Equality and Diversity

The College is committed to a policy of equality of opportunity and diversity in everything it does. Bridgend College embraces diversity and will seek to promote its benefits in all of our activities. We will seek to develop a culture that reflects that belief. We will seek to widen the mediums in which we recruit to ensure as diverse as possible employee and candidate base.

We take positive steps to ensure that all current and prospective employees and students are not discriminated against, either directly or indirectly, on the grounds of gender, age, disability, marital status, sexual orientation, creed / religion, ethnic or national

origin. We value the differences, needs and contributions a diverse workforce and customer base represents.

The College places an obligation upon all our staff to respect and act in accordance with this policy. We are committed to providing equality and diversity training for all our staff.

Bridgend College extends this positive attitude in respect of equality and diversity to our contractors, students and the community.

We will be an equality and diversity champion and leader in:

- promoting equality and diversity
- challenging and eradicating discrimination
- providing responsive and accessible services

Within the overall framework of its statement of purpose and values, Bridgend College is committed to the principle and practice of equal opportunities and celebrates the diversity of people. We understand that these two concepts are not the same but are complementary. Without recognising and, most importantly, valuing differences between people, there cannot be true equality of opportunity. Moreover Bridgend College promotes individual life-enhancing opportunities that respect all people.

Disability Statement

Bridgend College has adopted the social model of disability as a fundamental principle and recognises that people are not disabled by their impairments but the way in which they are discriminated against by society.

The social model says that:

- Disability is caused by society's failure to adapt itself to the different ways in which people accomplish activities
- Society in general (and the non-disabled majority in particular) bears the responsibility for disabling those people who are prevented from accomplishing activities in their own ways

- Disability can be best overcome by society learning to adapt to the variety of its citizens
- In the social model, disability is seen as the extra problems that people with impairments face because society is not geared up to take account of their needs.

Bridgend College will:

- Increase awareness in the organisation about the needs of staff, students and visitors with disabilities and work to ensure our practices do not restrict use of our services or the contribution people with disabilities can make to our work.
- Make regular assessments of the accessibility of our sites and will actively seek opportunities to improve access to our premises' and services for people who have disabilities.
- We also recognise that disabilities may not always be visible and equally respect the wider needs of this group including individuals with mental health or debilitating conditions, including HIV and AIDS.

Learning & Development

The staff development programme incorporates the College's strategic aims, those of each Department and individual development needs. The College encourages staff to participate in cross college Learning & Development days and has developed a culture of continued professional development striving for consistency and excellence in teaching and learning across College. The College has a Learning & Development policy which can be accessed via the website www.bridgend.ac.uk.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 21 December 2017 and signed on its behalf by:



Simon Pirotte
Principal, Chief Executive Officer & Accounting Officer
21 December 2017

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

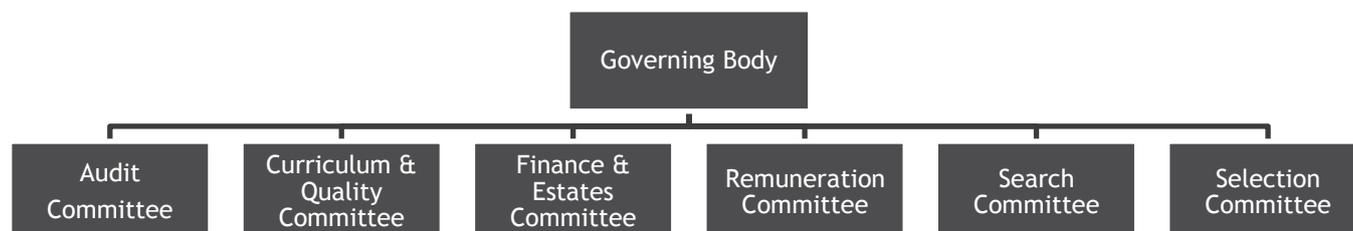
The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 31st July 2017 and up to the date of approval of the Annual Report and Financial Statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in accordance with The Governance Code for Further Education published by Colegau Cymru in January 2016 (“the Code”);
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code. We

The Corporation structure



Audit Committee

The Audit Committee comprises four members of the Corporation (and excludes the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation. The Audit Committee meets 5 times during the year, at least once on a termly basis, and provides a forum for reporting by the College’s internal, reporting accountants and Financial Statements auditors, who have access to the Committee for independent discussion, without the presence of College management.

The College’s internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan

have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of Governance Code for Further Education issued by Colegau Cymru in 2016.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission’s guidance on public benefit and that the required statements appear elsewhere in these Financial Statements.

of input and report their findings to management and the Audit Committee.

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

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and Financial Statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Corporation.

Curriculum & Quality Committee

The Curriculum & Quality Committee has responsibility for academic affairs of the College.

Finance & Estates Committee

The Finance & Estates Committee considers in detail all financial aspects of the College. Particular attention is given to management accounts, forecasts and the annual budget. It also approves the College's Estate Strategy.

Remuneration Committee

Throughout the year ending 31 July 2017 the College's Remuneration Committee comprised four members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2017 are set out in the Note 8 to the Financial Statements.

Search Committee

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Selection Committee

The Selection Committee is responsible for the recruitment and selection of senior post-holders.

The Corporation

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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

issues. The Corporation meets six times in an academic year, at least once each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance & Estates Committee, Audit Committee, Curriculum & Quality Committee, and Remuneration Committee. Full minutes of all meetings, except those deemed to be confidential by the Corporation are available from the Clerk to the Corporation at:

Bridgend College, Cowbridge Road, Bridgend CF31 3DF

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

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

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

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

Corporation performance

The Governing Body undertakes an annual self-assessment exercise; a copy of these results can be requested by contacting Nicola Eyre, Clerk to the Corporation, Bridgend College, Cowbridge Road, Bridgend, CF31 3DF.

The Corporation membership

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance at Corporation Meetings
Simon Pirotte	June 2013			Principal and Chief Executive Officer	All but Remuneration	6/6
R James	December 2013	4 years		Staff member	Curriculum & Quality	4/6
R Rowe	April 2014	4 years		Staff member	Audit	5/6
D Dixon Smith	May 2016	1 year		Student member	Curriculum & Quality	2/6
P Roe	May 2016	1 year		Student member	Curriculum & Quality	3/6
M Gregory	October 2012 Reappointed October 2016	4 years 4 years		Other Community & Business member	Curriculum & Quality	3/6
H David	October 2012	4 years	Retired September 2016	Other Community & Business member		N/A
K Lewis	October 2013	4 years		Other Community & Business member	Audit	5/6
I Skinner	Reappointed October 2015	4 years		Other Community & Business member	Audit (Chair), Remuneration	4/6
D J Finch	October 2012 Reappointed October 2016	4 years 4 years		Other Community & Business member	Audit, Search, Selection, Remuneration	6/6
A Rees	September 2012	4 years	Retired September 2016	Other Community & Business member	Finance & Estates, Search, Selection, Remuneration	N/A
W Landon	October 2012 Reappointed October 2016	4 years 4 years		Other Community & Business member	Finance & Estates (Chair)	4/6
A Morgan	May 2013	4 years	Resigned November 2016	Other Community & Business member	Curriculum & Quality	1/1
P Croke	October 2012 Reappointed October 2016	4 years 4 years		Other Community & Business member	All but Audit	6/6
H Langton	October 2014	4 years		Other Community & Business member	Curriculum & Quality	3/6
J Graystone	October 2014	4 years		Other Community & Business member	Finance & Estates, Selection, Remuneration	6/6
S Pryce	October 2015	4 years		Other Community & Business member	Finance & Estates	3/6
A Hoy	October 2016	4 years		Other Community & Business member	Finance & Estates	4/5

Mrs N Eyre acts as Clerk to the Corporation and Mrs A Morgan acted as the Interim Clerk during Mrs Eyre's period of absence.

Internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College 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 Bridgend College for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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 governing body

- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Bridgend College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's Financial Statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting 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 Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other

sources of assurance, which include recommendations for improvement. The Audit 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 senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for

governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Going concern

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

Approved by order of the members of the Corporation on 21 December 2017 and signed on its behalf by:



Simon Pirotte
Principal, Chief Executive Officer & Accounting Officer
21 December 2017



Paul Croke
Chair of Governors
21 December 2017

GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

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

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

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



Simon Pirotte
Principal, Chief Executive Officer & Accounting Officer
21 December 2017



Paul Croke
Chair of Governors
21 December 2017

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation are required to present audited Financial Statements for each financial year.

Within the terms and conditions of the Financial Memorandum between the Welsh Government and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare Financial Statements for each financial year in accordance with the 2015 Statement of Recommended Practice - Accounting for Further and Higher Education and with the Welsh Governments Accounts Direction 2016 to 2017 issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the Financial Statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements 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
- 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 Strategic Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Corporation on 21 December 2017 and signed on its behalf by:



Paul Croke
Chair of Governors
21 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF THE CORPORATION OF BRIDGEND COLLEGE

Opinion

We have audited the financial statements of Bridgend College (the 'parent' College) and its subsidiaries (the 'group') for the year ended 31 July 2017 which comprise the consolidated statements of comprehensive income & expenditure, the consolidated and College statement of changes in reserves, the Group and College balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent College's affairs as at 31 July 2017 and of the Group's deficit of income over expenditure and parent College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with the Accounts Direction 2016-17 issued by the Welsh Government, United Kingdom Generally Accepted Accounting Practice and the Statement of recommended practice - Accounting for further and higher Education issued in March 2014.

Basis for opinion

We have been appointed as auditor under the College's Articles of Government. We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who are we reporting to

This report is made solely to the College's Governing Body as a body, in accordance with the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Governing Body as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- the Corporation's use of the going concern basis of accounting in the 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 or the parent College'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.

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the annual report, set out on pages 2 to 8 other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters required by the Financial Memorandum between the Welsh Government, further education institutions and higher education institutions providing further education (March 2015) and the Further education audit Code of Practice (March 2015) both 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 parent College for specific purposes have been properly applied to those purposes and, if appropriate, managed in compliance with all relevant legislation; and
- parent College income has been applied in accordance with the financial memorandum with the Welsh Government

Responsibilities of the Accounting Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement Responsibilities of the Members of the Corporation set out on page 14, the Corporation of the College, the Corporation, through its Accounting Officer is responsible for the preparation of financial statements that give a true and fair view, and for such internal control as the Corporation determines 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 College's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the group or parent College or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is Those Charged with Governance.

Auditor's 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 auditor's 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 auditor's report.



Mark Bishop
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

12 January 2018

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME & EXPENDITURE

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Group £'000	College £'000	Group £'000	College £'000
Income					
Funding body grants	2	16,707	16,707	15,930	15,930
Tuition fees and education contracts	3	6,955	6,623	7,429	6,987
Other grants and contracts	4	151	151	34	34
Other income	5	3,162	3,064	3,018	2,888
Investment income	6	2	16	5	5
Donations and endowments	7	84	84	-	-
Total income		27,061	26,645	26,416	25,844
Expenditure					
Staff costs	8	18,161	17,769	16,406	16,000
Other operating expenses	9	7,170	7,028	7,317	6,964
Depreciation & Amortisation	12,13,14	1,486	1,427	1,768	1,733
Interest and other finance costs	10	562	559	565	562
Total expenditure		27,379	26,783	26,056	25,259
(Deficit) / surplus before other gains and losses		(318)	(138)	360	585
Loss on disposal of assets	12	-	-	(7)	-
(Deficit) / surplus before tax		(318)	(138)	353	585
Taxation	11	-	-	-	-
(Deficit) / surplus for the year		(318)	(138)	353	585
Unrealised surplus on revaluation of assets		33	33	37	37
Actuarial gain / (loss) in respect of pensions schemes	27	6,543	6,543	(5,643)	(5,643)
Total comprehensive income / (expense) for the year		6,258	6,438	(5,253)	(5,021)
Represented by:					
Restricted comprehensive income		10	10	-	-
Unrestricted comprehensive income		27,051	26,635	26,416	25,844
		27,061	26,645	26,416	25,844

The Statement of Comprehensive Income & Expenditure is in respect of continuing activities.

CONSOLIDATED AND COLLEGE STATEMENT OF CHANGES IN RESERVES

Group	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
Restated Balance at 1st August 2015	(4,340)	7,577	3,237
Surplus / (deficit) from the income and expenditure account	353	-	353
Other comprehensive income	(5,643)	-	(5,643)
Transfers between revaluation and income and expenditure reserves	37	(37)	-
Total comprehensive income / (expense) for the year	(5,253)	(37)	(5,290)
Balance at 31st July 2016	(9,593)	7,540	(2,053)
(Deficit) / surplus from the income and expenditure account	(318)	-	(318)
Other comprehensive income	6,543	-	6,543
Transfers between revaluation and income and expenditure reserves	33	(33)	-
Total comprehensive income / (expense) for the year	6,258	(33)	6,225
Balance at 31 July 2017	(3,335)	7,507	4,172
	Income and expenditure account £'000	Revaluation reserve £'000	Total £'000
College			
Balance at 1st August 2015	(4,309)	7,577	3,268
Surplus / (deficit) from the income and expenditure account	585	-	585
Other comprehensive income	(5,643)	-	(5,643)
Transfers between revaluation and income and expenditure reserves	37	(37)	-
Total comprehensive income / (expense) for the year	(5,021)	(37)	(5,058)
Balance at 31st July 2016	(9,330)	7,540	(1,790)
(Deficit) / surplus from the income and expenditure account	(138)	-	(138)
Other comprehensive income	6,543	-	6,543
Transfers between revaluation and income and expenditure reserves	33	(33)	-
Total comprehensive income / (expense) for the year	6,438	(33)	6,405
Balance at 31 July 2017	(2,892)	7,507	4,615

BALANCE SHEETS AS AT 31 JULY

	Notes	Group 2017 £'000	College 2017 £'000	Group 2016 £'000	College 2016 £'000
Non-current assets					
Tangible Fixed assets	12	30,912	30,707	30,636	30,447
Intangible Fixed assets	13	217	217	183	183
Goodwill	14	(143)	(302)	(203)	(415)
Investments	15	-	362	-	412
		30,986	30,984	30,616	30,627
Current assets					
Stocks		26	26	22	22
Trade and other receivables	16	1,043	1,378	1,225	1,421
Investments	15	-	-	-	-
Cash and cash equivalents	22	3,779	3,770	2,767	2,719
		4,848	5,174	4,014	4,162
Creditors - amounts falling due within one year	18	(3,552)	(3,506)	(3,248)	(3,227)
Net current assets		1,296	1,668	766	935
Total assets less current liabilities		32,282	32,652	31,382	31,562
Creditors - amounts falling due after more than one year	19	(13,226)	(13,153)	(13,571)	(13,488)
Provisions					
Defined benefit obligations	21	(12,360)	(12,360)	(17,710)	(17,710)
Other provisions	21	(2,524)	(2,524)	(2,154)	(2,154)
Total net assets		4,172	4,615	(2,053)	(1,790)
Unrestricted Reserves					
Income and expenditure account		(3,335)	(2,892)	(9,593)	(9,330)
Revaluation reserve		7,507	7,507	7,540	7,540
Total unrestricted reserves		4,172	4,615	(2,053)	(1,790)

The Financial Statements on pages 22 to 41 were approved by the Board of Governors on 21 December 2017 and signed on its behalf by:



Simon Pirotte
Principal, CEO & Accounting Officer



Andrew Gibbs
Vice Principal - Resources



Paul Croke
Chairman of the Board of Governors

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2017 £'000	2016 £'000
Cash flow from operating activities			
(Deficit) / surplus for the year		(318)	353
Adjustment for non-cash items			
Depreciation	12, 13	1,433	1,734
Amortisation of goodwill	14	(60)	(79)
Increase in stocks		(4)	(1)
Deferred capital grants released to income		73	(573)
Decrease / (increase) in debtors	16	182	204
Increase / (decrease) in creditors due within one year	18	254	135
(Decrease) / increase in creditors due after one year	19	(423)	(444)
Increase / (decrease) in provisions	21	370	4
Pensions costs less contributions payable		1,194	645
Taxation		-	-
Adjustment for investing or financing activities			
Investment income	6	(2)	(5)
Interest payable	10	562	565
Taxation paid		-	-
Loss on sale of fixed assets		-	7
Net cash flow from operating activities		3,261	2,545
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	-
Disposal of non-current asset investments	15	-	-
Investment income	6	2	5
Withdrawal of deposits		-	-
New deposits		-	-
Payments made to acquire fixed assets		(1,743)	(608)
		(1,741)	(603)
Cash flows from financing activities			
Interest paid	10	(108)	(122)
Interest element of finance lease rental payments	10	-	(14)
New unsecured loans		-	-
Repayments of amounts borrowed		(400)	(390)
Capital element of finance lease rental payments	20(b)	-	(177)
		(508)	(703)
Increase in cash and cash equivalents in the year		1,012	1,239
Cash and cash equivalents at beginning of the year	22	2,767	1,528
Cash and cash equivalents at end of the year	22	3,779	2,767

NOTES TO THE ACCOUNTS

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), *the College Accounts Direction for 2016 to 2017* issued by Welsh Government, and in accordance with Financial Reporting Standard 102 - “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

The Financial Statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of consolidation

The consolidated Financial Statements include the College and its subsidiaries, Bridgend College Enterprises Limited, The People Business Wales Limited and Engage Business Wales Limited controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Under the purchase method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income & Expenditure from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All Financial Statements are made up to 31 July 2017.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are

presented in the Financial Statements and accompanying Notes.

The Group has loans totalling £2,931m outstanding at the year end and has sufficient cash reserves to allow it to meet short term working capital requirements. Cash flow forecasts prepared by management indicate that the College will not need to make use of its current agreed overdraft facilities.

Accordingly, the College has a reasonable expectation that it will have sufficient resources to meet its liabilities as they fall due for the foreseeable future and have therefore adopted the going concern basis in the preparation of these accounts.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income & Expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income & Expenditure.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of

performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

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

Agency arrangements

The College acts as an agent in the collection and payment of Access Funds. Related payments received from DfES and the subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Note 29, except for the 3 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Access Fund applications and payments.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Rhondda Cynon Taff County Borough Council Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit

accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the Statement of Comprehensive Income & Expenditure in the periods during which services are rendered by employees.

Rhondda Cynon Taff Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income & Expenditure and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the Balance Sheet.

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015

FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

A full revaluation of all College land and buildings was undertaken as at 31 July 1996 on an “existing use” basis.

Land and buildings

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996 and land which was retained in transition, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

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.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment with a value of less than £500 and/or a life of less than one year is written off to the income and expenditure account in the period of acquisition.

All other equipment is capitalised at cost. Both inherited assets at valuation and assets acquired after 1 April 1993

are depreciated over their useful economic life as follows:

General Equipment	5 years
Furniture and Fittings	5 years
Motor Vehicles	4 years
Computer Equipment	4 years
Plant and Machinery	10 years

Where equipment is acquired with the aid of specific grants, it is depreciated (see Note 12) in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income over the expected useful economic life of the related equipment.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income & Expenditure.

Goodwill

On the acquisition of a business, fair values are attributed to the net assets acquired. The difference between the cost of the acquisition and the values attributed to such net assets is treated as goodwill. Where the values attributable to the net assets acquired exceeds the cost of acquisition, negative goodwill arises and is recognised in the income and expenditure account in the period in which the non-monetary assets are recovered, whether through depreciation or disposal. Negative goodwill is amortised over a period of 20 years. Goodwill arising on consolidation is being amortised over a period of 8 years, previously 10 years. The decision to accelerate amortisation of goodwill was taken in 2016/17.

At the time of acquisition, the amortisation period was established based on the ability of the company to provide the College with access to contracts they would otherwise be precluded from delivering, in particular Traineeships and Prince’s Trust. The policy has been reviewed on transition to FRS102; based on current and planned delivery of the contracts above the amortisation period is deemed appropriate and no amendment is necessary.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Non-current Assets - Intangible Fixed Assets - Software

In accordance with FRS102 software with a value of more than £500 and a useful life of greater than one year is capitalised at cost and amortised over their useful economic life of 4 years.

Leased assets

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual Financial Statements.

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

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

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Balance Sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Foreign currency translation

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when:

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Income & Expenditure in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in the Notes to the Financial Statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these Financial Statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of

ownership have been transferred from the lessor to the lessee on a lease by lease basis.

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

Other key sources of estimation uncertainty

- Tangible fixed assets

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

- Local Government Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Funding body grants	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Recurrent grants				
Department for Education and Skills (DfES)	15,216	15,216	15,021	15,021
Specific grants				
Releases of government capital grants	613	613	371	371
Skills Priority Programme	423	423	245	245
Creative Solutions	150	150	-	-
Learners with Learning Difficulties	305	305	291	291
Other funding body grants	-	-	2	2
Total	16,707	16,707	15,930	15,930

3. Tuition fees and education contracts	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Apprenticeship fees and contracts	1,794	1,504	1,193	818
Fees for FE loan supported courses	500	500	507	507
Fees for HE loan supported courses	4,517	4,517	4,465	4,465
Total tuition fees	6,811	6,521	6,165	5,790
Education contracts	144	102	1,264	1,197
Total	6,955	6,623	7,429	6,987

4. Other grants and contracts	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Erasmus	7	7	-	-
European Commission	144	144	34	34
Total	151	151	34	34

5. Other income	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Catering and residences	1,711	1,711	1,105	1,105
Other income generating activities	889	788	1,127	818
Other grant income	94	94	53	53
Non-government capital grants	82	82	201	201
Miscellaneous income	276	276	419	598
Amortisation of negative goodwill	113	113	113	113
Total	3,165	3,064	3,018	2,888

6. Investment income	Year ended 31 July		Year ended 31 July	
	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Other interest receivable	2	16	5	5
Total	2	16	5	5

7. Donations	Year	Year
	ended	ended
	31 July	31 July
	2017	2016
	College	College
	£'000	£'000
Restricted donations	10	-
Unrestricted donations	74	-
Total	84	-

8. Staff costs

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

	2017	2016
	Group	Group
	No.	No.
Teaching staff	233	221
Non-teaching staff	232	237
Total	465	458

Staff costs for the above persons	2017 Group £'000	2016 Group £'000
Wages and salaries	13,559	12,804
Social security costs	1,191	944
Other pension costs	2,800	1,810
Payroll sub total	17,550	15,558
Contracted out staffing services	442	563
Restructuring costs	169	285
Total staff costs	18,161	16,406

Staff are employed on national pay scales which can be accessed on the Colleges Wales website www.collegeswales.ac.uk.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Management Team which comprises the Principal, Deputy Principal, Vice Principals (Curriculum and Quality, Finance and Resources, and Wellbeing) and the Directors. Staff costs include compensation paid to key management personnel for loss of office. A committee of Governors determines the remuneration for senior post holders, including the Principal, Deputy Principal and Vice Principals, this is done in line with benchmarking information and meetings are minuted.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2017 College No.	2016 College No.
The number of key management personnel including the Accounting Officer was:	12	4

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel	
	2017 College No.	2016 College No.
£30,001 to £40,000 p.a.	1	-
£40,001 to £50,000 p.a.	4	-
£50,001 to £60,000 p.a.	2	-
£60,001 to £70,000 p.a.	-	-
£70,001 to £80,000 p.a.	3	3
£80,001 to £90,000 p.a.	1	-
£90,001 to £100,000 p.a.	-	-
£100,001 to £110,000 p.a.	-	-
£110,001 to £120,000 p.a.	-	-
£120,001 to £130,000 p.a.	-	1
£130,001 to £140,000 p.a.	1	-
	12	4

Key management personnel emoluments are made up as follows:

	2017 College £'000	2016 College £'000
Salaries - gross of salary sacrifice and waived emoluments	774	399
Employers National Insurance	92	49
Pension contributions	118	60
Total emoluments	984	508

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

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

	2017 College £'000	2016 College £'000
Salaries	133	130
Pension contributions	21	21
Total emoluments	154	151

There was no compensation for loss of office paid to any former higher paid employee in 2016/17.

9. Other operating expenses

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group £'000	College £'000	Group £'000	College £'000
Teaching costs	2,350	2,285	2,459	2,390
Non-teaching costs	3,199	3,159	3,032	2,873
Premises costs	1,621	1,584	1,826	1,701
Total	7,170	7,028	7,317	6,964
Other operating expenses include:	2017	2017	2016	2016
	Group	College	Group	College
	£'000	£'000	£'000	£'000

Auditors' remuneration:

Financial Statements audit*	30	30	37	28
Internal audit**	17	17	21	21
Other services provided by the Financial Statements auditors***	6	6	6	6
Exceptional item	32	15	67	-
Losses on disposal of non-current assets	-	-	7	-
Hire of assets under operating leases	617	617	615	615

* includes £20,050 in respect of the College (2015/16: £24,650)

** includes £17,000 in respect of the College (2015/16: £21,000)

*** includes £6,150 in respect of the College pension and funding audit (2015/16: £5,550)

Internal Audit services are provided by RSM Risk Assurance Services LLP.

10. Interest and other finance costs

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group £'000	College £'000	Group £'000	College £'000
On bank loans, overdrafts and other loans:	108	105	122	119
On finance leases	-	-	14	14
Net interest on defined pension liability (Note 25)	454	454	429	429
Total	562	559	565	562

11. Taxation

	Year ended 31 July 2017 Group £'000	Year ended 31 July 2016 Group £'000
United Kingdom corporation tax at 20 per cent	-	-

The members do not believe that the college was liable for any corporation tax arising out of its activities during either year.

12. Tangible fixed assets (Group)

	Land and buildings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2016	42,150	11,016	6	53,172
Additions	82	1,390	153	1,625
Disposals	-	-	-	-
Transfer	6	-	(6)	-
At 31 July 2017	42,238	12,406	153	54,797
Depreciation				
At 1 August 2016	12,514	10,022	-	22,536
Charge for the year	835	514	-	1,349
Elimination in respect of disposals	-	-	-	-
At 31 July 2017	13,349	10,536	-	23,885
Net book value at 31 July 2017	28,889	1,870	153	30,912
Net book value at 31 July 2016	29,636	994	6	30,636

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors.

Land at the Pencoed Campus, Brigam & Fronwen Farms, and the campus at Cowbridge Road were revalued as part of the transition to FRS102. Further detail can be found in the transition Note to these Financial Statements.

The Group acquired fixed Assets of £154,000 on the acquisition of The People Business: Wales Limited in November 2013. At 1 August 2014 Savills (UK) Limited valued certain land owned by the College.

The aggregate Fair Value of the properties, as at 1st August 2014, was:

- Property Valuation Land at Pencoed College, Pencoed, Bridgend, CF35 5LG - £3,600,000
- Land at Bridgend College, Cowbridge Road, Bridgend, CF31 3DF - £3,000,000
- Land at Brigam & Fronwen Farms, Llanharry, CF72 9JX - £570,000

As described in the accounting policies the carrying values of freehold land at 1 August 2014 has been taken as deemed cost.

12. Tangible fixed assets (College)

	Land and buildings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation				
At 1 August 2016	41,963	10,887	6	52,856
Additions	65	1,385	153	1,603
Disposals	-	-	-	-
Transfer	6	-	(6)	-
At 31 July 2017	42,034	12,272	153	54,459
Depreciation				
At 1 August 2016	12,513	9,896	-	22,409
Charge for the year	831	512	-	1,343
At 31 July 2017	13,344	10,408	-	23,752
Net book value at 31 July 2017	28,690	1,864	153	30,707
Net book value at 31 July 2016	29,450	991	6	30,447

Freehold land and buildings includes non-depreciated land of £7.20 million (2015/16: £7.20 million).

Land and buildings with a net book value of £3.760 million (2015/16: £3.797 million) have been inherited from Mid Glamorgan County Council and £5.436 million upon the acquisition of Pencoed College (2015/16: £5.312 million). Should these assets be sold, the College would either have to surrender the sale proceeds to DfES or use them in accordance with the financial memorandum with DfES.

The net book value of tangible fixed assets includes an amount of £0 (2015/16: £0) in respect of assets held under finance leases.

Tangible fixed assets pledged as security for the College's bank loans include:

- Buildings at Cowbridge Road campus, Bridgend
- Land (part of) at Fronwen and Llwynbarcud farms, Llanharan
- Bridgend College Pencoed Campus
- Land at Brigam farm, Llanharry
- Land parcels south of Penybont Road, Pencoed

The net book value of fixed assets determined according to the historical cost convention is £23.200 million (2015/16: £22.903 million).

13. Intangible fixed assets (Group) Software
£'000

Cost or valuation

At 1 August 2016	274
Additions	118
At 31 July 2017	392

Depreciation

At 1 August 2016	91
Charge for the year	84
At 31 July 2017	175

Net book value at 31 July 2017 **217**

Net book value at 31 July 2016 183

14. Goodwill (Group)

	Goodwill 2017 £'000	Negative Goodwill 2017 £'000	Total 2017 £'000	Net Goodwill 2016 £'000
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Cost or valuation

At 1 August 2016	340	(2,363)	(2,023)	(2,023)
At 31 July 2017	340	(2,363)	(2,023)	(2,023)

Amortisation

At 1 August 2016	(128)	1,948	1,820	1,741
Charge for the year	(53)	113	60	79
At 31 July 2017	(181)	2,061	1,880	1,820

Net book value at 31 July 2017 **159** **(302)** **(143)** **(203)**

Net book value at 31 July 2016 212 (415) (203) (282)

15. Non-current investments

	Year ended 31 July 2017 College £'000	Year ended 31 July 2016 College £'000
Investments in subsidiary companies	362	412
Total	362	412

During the year Bridgend College Enterprises Limited, a dormant subsidiary company was struck off. The final dormant accounts were submitted for the year ended 31 July 2016.

The College acquired 100 per cent of the shares in The People Business Wales Limited at a cost of £362,000 on 31st October 2012. The principal activity of the company is the provision of training services and employment opportunities for learners in and around Barry, South Wales.

The College set up Engage Business Wales Limited which is the business focused and commercial element of Bridgend College on 1 September 2015. The principal activity of the company is to provide bespoke work based training solutions for businesses and a wide variety of courses for individuals looking to update their skills.

These Financial Statements include the results for both trading subsidiaries for the year ending 31st July 2017.

The College holds the following investments, all of which have been received for no consideration and are included in the Balance Sheet at fair value which is deemed to be £nil.

Company	Date received	Number and type of share	Market value at 31 July 2017
Genus plc	7 April 1997	450 10p Ordinary shares	£7,780.50

16. Trade and other receivables

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year				
Trade receivables	414	304	480	441
Amounts owed by group undertakings:				
Subsidiary undertakings	-	493	-	359
Prepayments and accrued income	629	581	745	621
Amounts owed by Department for Education and Skills (DfES)	-	-	-	-
Total	1,043	1,378	1,225	1,421

17. Current Investments

There were no current investments during the year ending 31 July 2017 (2015/16: £0).

18. Creditors: amounts falling due within one year

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	407	393	399	385
Trade payables	273	263	928	926
Amounts owed to group undertakings:				
Subsidiary undertakings	-	80	-	36
Corporation tax	-	-	-	-
Other taxation and social security	25	6	41	31
Accruals and deferred income	1,621	1,540	967	936
Accrued holiday pay	520	518	376	376
Deferred income - government capital grants	706	706	537	537
Amounts owed to the Department for Education and Skills (DfES)	-	-	-	-
Total	3,552	3,506	3,248	3,227

19. Creditors: amounts falling due after one year	Year ended 31 July 2017		Year ended 31 July 2016	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	2,523	2,450	2,929	2,843
Deferred income - government capital grants	10,544	10,544	10,466	10,466
Other Creditors	159	159	175	175
Amounts owed to the Department for Education and Skills (DfES)	-	-	-	-
Total	13,226	13,153	13,570	13,484

20. Maturity of debt

(a) Bank loans and overdrafts

	Year ended 31 July 2017		Year ended 31 July 2016	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts are repayable as follows:				
In one year or less	407	393	399	385
Between one and two years	418	403	529	393
Between two and five years	1,316	1,269	1,341	1,238
In five years or more	790	778	1,059	1,212
Total	2,931	2,843	3,328	3,228

As at 31 July 2017, the College had three loans with a capital balance outstanding of £2.84 million (2015/16: £3.22 million) secured by a charge on blocks E, F, G and J located at Bridgend College, and land and buildings comprising Pencoed College and Land at Fronwen.

Loan 1 with a balance of £0.92 million at 31 July 2017 is repayable in quarterly instalments over 15 years from July 2008. Interest is linked to LIBOR plus 0.4625%.

Loan 2 with a balance of £0.39 million at 31 July 2017 is repayable in quarterly instalments over 13 years from August 2011. Interest is fixed at 2.5%.

In August 2009, a loan facility for £3.1 million was agreed with the College's Bankers. £2.4 million of the loan (Loan 3) which was drawn down in August 2011 is repayable in quarterly instalments over 14 years and has a balance of £1.53 million at 31 July 2017. Interest is fixed at 5.1%.

(b) Finance leases

The institution is committed to no finance lease obligations (2015/16: £0).

21. Provisions (Group)

	Defined benefit obligation £'000	Restructuring £'000	Enhanced pensions £'000	Other £'000	Total £'000
At 1 August 2016	17,710	229	1,493	432	19,864
Expenditure in the period	-	(127)	(104)	-	(231)
Additions in period	1,160	25	35	574	1,794
Actuarial (gain) / loss	(6,510)	-	(33)	-	(6,543)
At 31 July 2017	12,360	127	1,391	1,006	14,884

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 27.

The restructuring provision relates to the cross college restructuring programme that was announced in April 2015 and is due to be completed in 2017.

The enhanced pension provision relates to the cost of staff that who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2017	2016
Price inflation	3.3%	3.3%
Discount Rate	2.4%	2.4%

22. Cash and cash equivalents (Group)

	At 1 August 2016 £'000	Cash flows £'000	Other changes £'000	At 31 July 2017 £'000
Cash and cash equivalents	2,767	1,014	-	3,781
Overdrafts	-	(2)	-	(2)
Total	2,767	1,012	-	3,779

23. Capital and other commitments

	Year ended 31 July 2017 Group £'000	Year ended 31 July 2016 Group £'000
Commitments contracted	428	1

24. Lease obligations

The College had minimum lease payments under non-cancellable operating leases as follows:

	Year ended 31 July 2017 College £'000	Year ended 31 July 2016 College £'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	230	312
Later than one year and not later than five years	919	919
Later than five years	5,802	6,032
	6,951	7,263
Other		
Not later than one year	285	275
Later than one year and not later than five years	11	11
Later than five years	-	-
	296	286
Total lease payments due	7,247	7,549

25. Contingent liabilities

There are no contingent liabilities to report at the end of the reporting period.

26. Events after the reporting period

There are no reporting events due after the reporting period.

27. Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: 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 Rhondda Cynon Taff Borough Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

	2017 £000	2016 £000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	1,171	949
Local Government Pension Scheme:		
Contributions paid	1,620	1,130
FRS 102 (28) charge	-	-
Charge to the Statement of Comprehensive Income & Expenditure	1,620	1,130
Enhanced pension charge to Statement of Comprehensive Income & Expenditure	34	33
Total Pension Cost for Year within staff costs	2,825	2,112

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 2014, by the Teachers' Pension Scheme Regulations 2014. 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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/2014/06/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 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 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,171k (2015/16: £949k)

FRS 102 (28)

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

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 plan, with the assets held in separate funds administered by Rhondda Cynon Taff Borough Council Local Authority. The total contributions made for the year ended 31 July 2017 were £1,200,000, of which employer's contributions totalled £880,000 and employees' contributions totalled £320,000. The agreed contribution rates for future years are 14.8% (1 April 2017 to 31 March 2018) and 15.8% (1 April 2018 to 31 March 2019) for employers and range from 5.5% to 11.4% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	3.25%	3.30%
Future pensions increases	2.00%	1.80%
Discount rate for scheme liabilities	2.60%	2.40%
Inflation assumption (CPI)	2.00%	1.80%
Commutation of pensions to lump sums	50.00%	50.00%

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 Years	At 31 July 2016 Years
Retiring today		
Males	22.80	23.10
Females	24.90	26.00
Retiring in 20 years		
Males	25.00	25.30
Females	27.20	28.40

The College's share of the assets in the plan at the balance sheet date and the expected rates of return were:

	Fair Value	
	31 July 2017 £'000	31 July 2016 £'000
Equity instruments	22,629	19,537
Debt instruments	6,047	6,029
Property	1,839	1,758
Cash	655	586
Total fair value of plan assets	31,170	27,910
Actual return on plan assets	3,190	3,170

The amount included in the Balance Sheet in respect of the defined benefit pension plan is as follows:

	2017 £'000	2016 £'000
Fair value of plan assets	31,170	27,910
Present value of plan liabilities	(43,530)	(45,620)
Net pensions liability (Note 19)	(12,360)	(17,710)

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

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	1,620	1,130
Past service cost	-	-
Total	1,620	1,130

	2017 £'000	2016 £'000
Amounts included in investment income		
Net interest income	(420)	(429)
Total	(420)	(429)

	2017 £'000	2016 £'000
Amount recognised in other comprehensive income / (expense)		
Return on pension plan assets	670	890
Experience losses arising on defined benefit obligations	1,850	1,390
Changes in assumptions underlying the present value of plan liabilities	3,990	(7,810)
Enhanced pensions provision	33	(113)
Amount recognised in other comprehensive income / (expense)	6,543	(5,643)

	2017 £'000	2016 £'000
Movement in net defined benefit (liability) / asset during year		
Net defined benefit liability in scheme at 1 August	(17,710)	(11,560)
Movement in year:		
Current service cost	(1,620)	(1,130)
Employer contributions	880	910
Net interest on the defined (liability) / asset	(420)	(400)
Actuarial gain / (loss)	6,510	(5,530)
Net defined benefit (liability) / asset at 31 July	(12,360)	(17,710)

Asset and Liability Reconciliation	2017 £'000	2016 £'000
Changes in present value of defined benefit obligations		
Defined benefit obligations at start of period	45,620	36,332
Current service cost	1,620	1,130
Interest cost	1,090	1,290
Contributions by Scheme participants	320	290
Changes in financial assumptions	(3,990)	7,810
Estimated benefits paid	(1,130)	(1,230)
Defined benefit obligations at end of period	43,530	45,622
Changes in fair value of defined benefit obligations		
Fair value of plan assets at start of period	27,910	24,770
Remeasurement gain on plan assets	2,520	2,280
Interest on plan assets	670	890
Employer contributions	880	910
Contributions by Scheme participants	320	290
Estimated benefits paid	(1,130)	(1,230)
Fair value of plan assets at end of period	31,170	27,910

28. Related party transactions

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

The total expenses paid to or on behalf of the Governors during the year was £1,028; 5 governors (2015/16: £0; 5 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2015/16: None).

29. Amounts disbursed as agent	2017 £'000	2016 £'000
Learner support funds		
Balance unspent as at 1st August 2016	19	15
Funding body grants - bursary support	339	376
	358	391
Disbursed to students	(346)	(372)
Balance unspent as at 31 July, included in creditors (Note 18, 19)	12	19

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income & Expenditure.