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MERTHYR TYDFIL COLLEGE LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 JULY 2011

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MERTHYR TYDFIL COLLEGE LIMITED

Financial Statements
for the year ended 31 July 2011

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MERTHYR TYDFIL COLLEGE LIMITED
Public Benefit Statement
for the year ended 31 July 2011

Merthyr Tydfil College Limited became a registered charity on 8th February 2010. The Company registered number is 1140289 and registered address is Ynysfach, Merthyr Tydfil CF48 1AR. The members of the Board are the trustees of the charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

Charitable Objectives

The College promotes the advancement of education and learning for the public benefit. It also provides, maintains and improves facilities for the benefit of the local community.

The College is well aware of its public benefit responsibility and therefore ensures this is embedded in all of its operations to offer fully inclusive services.

Fulfilment of the charitable objectives

Beneficiaries

The College has a student population approximately 3,000 learners through different modes of study, 1,200 full time and 1,800 part time. The primary beneficiaries are students of the College directly engaged in high-quality training in a range of disciplines. However, beneficiaries extend to Pre-College students (from the age of fourteen upwards) in addition to local employers and businesses.

Admissions policy

The College operates a flexible admissions policy and provides for individual needs in the design of learning programmes. For some programmes there are specific entry requirements which are reviewed annually and published in the College prospectus.

Bursaries/scholarships

Students enrolled at the College are entitled to apply for various support and funding in the same way as anyone studying in further or higher education in Wales.

Students studying further education courses at the College are eligible to apply for various means of support. The Education Maintenance Allowance is available to students aged 16 to 19 years with the Assembly Learning Grant available to students aged 19+. The Bursary grant is an alternative means of support which is funded through the Colleges' Access funds.

In addition to the above the College also administers other initiatives that students can access. Subsidised Childcare facilities, free meals, and transport allowances are available along with financial support for educational visits and study aids.

Higher Education students have access to alternative methods of support. The Assembly Learning Grant or the Higher Education Fee Waiver can be applied for depending on individual circumstances. HEFCW's Financial Contingency Fund, which is administered through the University of Glamorgan is available for students in financial hardship. The College provides student support and guidance on the application process.

MERTHYR TYDFIL COLLEGE LIMITED
Public Benefit Statement
for the year ended 31 July 2011

Widening Participation

The College's provides a wide range of programmes for learners from the age of 14 years. Many learners are able to access grant support as a means of tackling social exclusion. In terms of community provision, the College offers a wide range of accredited programmes that are delivered though partnership working with the local county borough council Likewise, many family learning programmes are offered in community venues on an annual basis.

Community Engagement

The College offers other facilities which are accessible to students, staff and members of the community. The Myfanwy Theatre which was completely refurbished in 2009, hosts a variety of event and performances. A large sports hall is also available for hire along with various sporting equipment. The College facilities are charged at subsidised rates to ensure their accessibility to all.

MERTHYR TYDFIL COLLEGE LIMITED
Directors' report
for the year ended 31 July 2011

The directors present their report and the audited financial statements of the company for the year ended 31 July 2011

Principal activities
The principal activities of the college are the provision of further education, higher education, work based learning, professional training, consultancy and the delivery of Government initiatives to industry

Review of business and future developments
During the period, the Board has approved an updated five-year strategic plan which articulates how the college will develop. By 2015 the college will form an integral part of the Merthyr Learning Quarter (MLQ). The MLQ will transform all 16–19 education in Merthyr Tydfil so that it is delivered at the college rather than in secondary schools and the college Governance and management arrangements will build upon the company with all DfES funding for post-16 learners channelled through the college The college's strategic objectives are:

1 To ensure that the college has a viable and sustainable financial basis to deliver the college's educational objectives
2 To improve the quality of provision and ensure our service meets students' needs
3 To support the economic and social regeneration of the region
4 To develop strategic partnerships across the region
5 To enhance the use of information technology in relation to learning support
6 To develop and deliver an effective HR strategy to achieve college objectives
7 To ensure effective governance and management
8 To improve the management, ambience and suitability of the physical environment

Results and dividends
The company is limited by guarantee. No dividends have been paid or recommended.
The deficit for the year ended 31st July 2011 was £840,000 (2010:£184,000 surplus)

Directors
The directors of the company at 31 July 2011 unless otherwise stated were as follows:
Mr D S Mason*
Mr S.H Best*
Mr J.Harris*
Mrs L. Kelly* (appointed 1 December 2010)
Mrs J E.Lydon
Mrs C Vaughan* (appointed 1 January 2011)
Mr M.R Southcoat* (appointed 1 November 2010)
Ms S M.L Spray*
Mrs K J.Thomas* (appointed 1October 2009)
Mr G.Thomas* (resigned 30 November 2010)
Dr G P.Thomas*
Mr H.R Williams
Mr J T O'Shea (appointed 1 September 2010)
(* non-executive directors)

Close company provisions
The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988 There has been no change in this respect since the year end.

Principal risks and uncertainties
As part of the University of Glamorgan group's financial risk management internal control framework, as highlighted in the financial statements of the University of Glamorgan, the college has undertaken work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the college's assets and reputation.

Based on the strategic plan, the Risk Management Group (RMG) undertakes a comprehensive review of the risks to which the college is exposed. The RMG identify systems and procedures, including specific preventative actions which should mitigate any potential impact on the college The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the RMG will also consider any 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 meeting of the Board of Directors. 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 consistent scoring system.

Outlined below is a description of the principal risk factors affecting the college. Not all the factors are wholly within the college's control Other factors besides those listed below may also adversely affect the college

1. Government funding

The college relies considerably on continued government funding. In 2011, 90% of the college's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware that the main funding body (DfES) has set out likely funding levels for the next three years but nonetheless will expect to see efficiency gains over the next three years The college will continue to explore alternative sources of income both in collaboration with partners and in its own right. This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the college is rigorous in delivering high quality education and training
- Expansion of higher education under HEFCW's widening access agenda, especially through the Universities Heads of the Valleys Institute (UHOVI)
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the college is focused on those priority sectors which will continue to benefit from public funding

2. Tuition fee policy

DfES is currently undertaking a review of FE tuition fee policy and the College will ensure that it contributes to the review and will plan for alternative contingencies.

Key performance indicators

The college is pleased to report that trading in 2010/11 has exceeded the financial target of a £75k surplus before loss on disposal and impairment of fixed assets

Student numbers: Further education recruitment remained strong and the college's work based learning also exceeded targets The college also exceeded its higher education target.

Quality The college received an outstanding inspection report from Estyn, with a rating of 'Good' for all fifteen quality indicators. The college also received outstanding reports from its further education students in the 'Learner Voice' and its higher education students in the 'National Student Satisfaction Survey'.

Health and Safety: The college recorded an improved score, from 91 to 94 out of 100, in its University Health and Safety Audit.

Directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, the Accounts Direction issued by the Higher Education Funding Council for Wales and other relevant Accounting Standards (United Kingdom General Accounting Practice). In addition within the terms and conditions of the Financial Memorandum agreed between the Company and the University (Financial Memorandum), the directors are required to prepare financial statements for each accounting period which give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period.

In preparing the financial statements the directors have to ensure that·

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the prevention and detection of fraud and other irregularities

Auditors

So far as the directors are aware, there is no relevant audit information, ie information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

A resolution to reappoint Pricewaterhouse Coopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board

W. Callaway
Company Secretary

14th November 2011

MERTHYR TYDFIL COLLEGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MERTHYR TYDFIL COLLEGE LIMITED

We have audited the financial statements of Merthyr Tydfil College Limited for the year ended 31 July 2011 which comprise the income and expenditure account, the balance sheet, the statement of total recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors of Merthyr Tydfil College Limited and the auditor

As explained more fully in the Statement of Governing Body's Responsibilities set out on page 7 the Governing Body (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of Institution's affairs as at 31 July 2011 and of the Institution's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006,
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, and
- have been prepared in accordance with the Accounts Direction issued by the Welsh Government

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director's for the financial year for which the financial statements are prepared is consistent with the financial statements

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

In our opinion, in all material respects

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Lynn Hine (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date 8th December 2011

MERTHYR TYDFIL COLLEGE LIMITED
Registered no: 06671721

Income and Expenditure Account for the year ended 31 July 2011

	Notes	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
Income			
Funding council grants	3	8,008	8,051
Tuition fees and education contracts	4	1,353	1,292
Research grants and Contracts	5	399	236
Other Income	6	643	521
Endowment and investment income	7	3	3
		10,406	10,103
Expenditure			
Staff costs	9	7,222	6,479
Other operating expenses	10	2,082	2,210
Depreciation	11	946	864
Interest and other finance costs	12	70	170
		10,320	9,723
Surplus for the period on continuing operations after depreciation of assets, before disposal and impairment of assets		86	380
Loss on Disposal and Impairment of Fixed Assets	8	(926)	(196)
(Deficit)/Surplus for the period on continuing operations		(840)	184

The turnover and deficit stated above relate to continuing activities.
There is no material difference between the deficit on a historical cost basis and the result for the year.

MERTHYR TYDFIL COLLEGE LIMITED

Statement of Total Recognised Gains and Losses for the Period Ended 31 July 2011

		Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
(Deficit)/Surplus for the period on continuing operations		(840)	184
Actuarial (Loss) in respect of Pension Scheme	21	(100)	820
Total Recognised Gains and Losses relating to the period		(940)	1,004
Reconciliation of reserves			
Opening Reserves	22	1,947	943
Total recognised gains and losses relating to the period		(940)	1,004
Closing reserves		1,007	1,947

The notes on pages 14 to 28 form part of these financial statements

MERTHYR TYDFIL COLLEGE LIMITED

Balance sheet
at 31 July 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	14	7,843	9,523
Current assets			
Stock	15	10	11
Debtors	16	746	772
Cash at bank and in hand	17	1,013	1,305
		1,769	2,088
Creditors			
Amounts falling due within one year	18	(2,163)	(1,205)
Net current assets		(394)	883
Total assets less current liabilities		7,449	10,406
Provisions for liabilities and charges	19	(810)	(760)
Net assets excluding pension liability		6,639	9,646
Pension liability	21	(2,510)	(2,380)
Net Assets including pension liability		4,129	7,266
		£'000	**£'000**
Share Capital	25	0	0
Deferred Capital Grants	20	3,122	5,319
Other Reserve	22	1,972	1,972
Profit & Loss Reserves	22	(965)	(25)
Total reserves		1,007	1,947
Total funds		4,129	7,266

The notes on pages 14 to 28 form part of these financial statements.
The financial statements were approved by the board of directors and signed on its behalf by:

Mr D.S.Mason
Chairman
14th November 2011

1 Statement of Accounting Policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 as adapted to the Statement of Recommended Practice (SORP) for Further and Higher Education 2007, and in accordance with applicable UK accounting standards. The principal accounting policies are set out below.

(b) Income Recognition

Funding council block grants are accounted for in the period to which they relate

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities. Donations with restrictions are recognised when relevant conditions have been met, in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments, other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Investment income is credited to the income and expenditure account on a receivable basis.

(c) Pension Schemes

The college participates in two principal defined benefit pension schemes, the Teachers' Superannuation Scheme (TSS) and the Rhondda Cynon Taff Superannuation Scheme (RCTSS)

TSS

It is not possible to identify each institutions share of the underlying assets and liabilities in relation to the TSS Scheme and hence, contributions to the scheme are accounted for as if these were defined contribution schemes, the cost recognised within the surplus for the year in the income and expenditure account being equal to the contributions payable to the schemes for the year.

RCTSS

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

(d) Tangible Fixed Assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

Land and Buildings
The freehold interest in land and buildings is included in the balance sheet at cost. Under FRS 15 the college has adopted the policy to freeze valuations at opening values without further revaluation and to treat this as the base point for future depreciation. Land and buildings acquired, buildings constructed or building refurbishments undertaken during the year, are included at cost less depreciation.

Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

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 receivable, in accordance with FRS11

Other Tangible Fixed Assets
Other tangible fixed assets are capitalised where their cost is not less than £500.

ii Assets are depreciated over their estimated useful lives as follows:

Freehold Land	not depreciated
Buildings	up to 40 years
Computer Equipment	3 to 4 years
Fixtures and Fittings	3 to 25 years
Vehicles	3 to 5 years
Other	3 to 40 years

(e) Assets Financed by Capital Grant or Donations

Where fixed assets are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants or donations are credited to deferred capital grants, and are released to the profit and loss account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

(f) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

(g) Cashflow statement and related party disclosures

The company is a wholly owned subsidiary of the University of Glamorgan and is included in the consolidated financial statements of the University of Glamorgan which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the University of Glamorgan group.

(h) Provisions

Provisions are established and the associated costs are charged to the Income and Expenditure account when the College has a legal or constructive obligation

2. Segmental reporting

The college activities consist solely of the further education of students in the United Kingdom.

3. Funding Council Grants

	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
Recurrent Grants	6,192	6,106
Specific Grants	1,360	1,477
Release of Funding Council Deferred Capital Grants.		
Buildings, fixtures and fittings	327	272
Equipment	129	196
	8,008	8,051

Notes to the financial statements
for the year ended 31 July 2011

4. Tuition fees and education contracts

	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
Part-time/Full-time students	666	487
Education contracts	687	805
	1,353	1,292

5. Research grants and contracts

	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
European grant	326	199
Other Grants/Contracts	73	37
	399	236

6. Other operating income

	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
Consulting, training and commercial activities	340	326
Other income	303	195
	643	521

7. Endowment and investment income

	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
Bank Interest	3	3
	3	3

8. Loss on disposal and impairment of Fixed Assets

	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
Loss on disposal and impairment of fixed assets (note 14)	926	196
	926	196

Notes to the financial statements
for the year ended 31 July 2011

9. Staff costs

	Year Ended 31st July 2011 £'000	Year Ended 31st July 2010 £'000
Wages and salaries	6,041	5,444
Social Security Costs	468	422
Other pension costs (including FRS 17 adjustments)	713	613
	7,222	6,479

Average full time equivalent staff numbers by major category	Number	Number
Academic Departments	139	121
Academic Support Services	26	24
Other Support Services	20	20
Premises	3	5
Administration and Central Services	20	20
Consulting, Training & Commercial Activities	18	10
Total	226	200

Remuneration of other Higher Paid Staff, excluding employer's pension contributions

	Number	Number
£60,000 – £69,999	0	1
£70,000 – £79,999	1	0
£80,000 – £89,999	1	1

10. Other operating expenses

	Year Ended 1st July 2011 £'000	10 months Ended 31st July 2010 £'000
Catering	12	24
Consumables and laboratory expenditure	156	142
Books and periodicals	13	15
Heat, light, water and power	109	135
Repairs and general maintenance	150	154
Rent & rates	47	15
Auditors remuneration in respect of financial statements	8	8
Auditors remuneration in respect of other services (regularity)	11	6
Computer and other equipment	74	110
Equipment operating lease rentals	23	26
Consulting, training and commercial activities	589	653
Franchising	63	63
Student bursaries	53	44
Insurance	22	18
Travel and subsistence	14	13
Staff recruitment and development	31	29
Legal, professional and consultancy fees	76	127
Other expenses	631	628
	2,082	2,210

11. Analysis of expenditure by activity

	Staff Costs	Depn	Other Operating Expenses	Interest Payable	12 mths ended 31.07.11 Total	12 mths ended 31.07.10 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Academic Departments	4,145	153	236	0	4,534	4,277
Academic Services	316	92	233	0	641	542
Other Support Services	1,306	0	345	0	1,651	1,650
Residences & Catering	0	0	12		12	24
Research, Grants & Contracts	355	0	0	0	355	224
Premises	147	590	449	0	1,186	1,167
Administration	646	111	77	0	834	757
Consulting Training & Commercial Activities	247	0	651	0	898	839
Other Expenses	60	0	79	70	209	243
	7,222	946	2,082	70	10,320	9,723

The depreciation charge has been funded by:

	Year Ended 31st July 2011	Year ended 31st July 2010
	£'000	£'000
Deferred Capital Grants Released (Note 20)	456	468
General Income	490	396
	946	864

12. Interest and other finance costs

	12months ended 31st July 2011	12 months ended 31st July 2010
	£'000	£'000
Interest cost on pension scheme liabilities and enhanced pension costs	70	170
	70	170

13. Taxation

The College is a charity registered with the Charity Commission (1140289) and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. 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 Taxes Act 2010(CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes The College receives no similar exemption in respect of Value Added Tax.

14. Tangible fixed assets

	Land & Buildings	Assets under construction	Equipment, Fixtures & Fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2010	8,632	3,148	2,469	14,248
Additions	569	1,386	460	2,415
Transfer	3,148	(3,148)	0	0
At 31 July 2011	12,348	1,386	2,929	16,663
Depreciation				
At 1 August 2010	3,236	0	1,490	4,726
Charge for the period	467	0	478	946
Impairment (see below)	3,110	0	39	3,149
At 31 July 2011	6,813	0	2,007	8,820
Net book value At 31 July 2011	5,535	1,386	922	7,843
Net book value At 31 July 2010	5,396	3,148	979	9,523

Following a review of the impact of the proposed demolition of the existing building in the college a charge for Impairment has been made.
The impact on the financial statements is as follows -

Fixed Asset	3,149
Release of deferred capital grant	(2,223)
Net charge to income and expense account	926

15. Stock

	2011 £'000	2010 £'000
Stock	10	11
	10	11

16. Debtors

	2011 £'000	2010 £'000
Falling due within one year		
Trade debtors	296	233
Other debtors	309	427
Prepayments	93	78
Amounts owed by parent undertaking	48	34
	746	772

17. Cash at bank	2011 £'000	2010 £'000
Short term deposits and current account	1,013	1,305
	1,013	1,305

18. Creditors – Amounts falling due within one year	2011 £'000	2010 £'000
Trade creditors	95	94
Amounts owed by parent undertaking	1,253	60
Accruals and deferred income	246	507
Other creditors	392	393
Taxation and social security	177	151
	2,163	1,205

19. Provisions for liabilities & Charges	2011 £'000	2010 £'000
Balance b/f	760	840
Charged to Income & Expenditure	100	(32)
Contributions	(50)	(48)
At 31 July 2011	810	760

20. Deferred Capital Grants

	Funding Council £'000s
Opening Balance	
Buildings and Fixtures and Fittings	4,652
Equipment	667
	5,319
Amounts Received	
Buildings and Fixtures and Fittings	482
Equipment	0
	482
Released to Income and Expenditure	
Buildings and Fixtures and Fittings	327
Equipment	129
On Impairment (note 14)	2,223
	2,679
At 31 July 2011	
Buildings and Fixtures and Fittings	2,584
Equipment	538
	3,122

21. Pension Commitments

The college participates in two pension schemes, the Rhondda Cynon Taff Superannuation scheme (RCTSS) and the Teachers' Superannuation Scheme (TSS)

TSS

The TSS is a statutory contributory final salary scheme administered by the Teachers Pension Agency (TPA) an executive agency of the Department of Education. Under the TSS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary (GA), using normal actuarial principles, conducts an actuarial review of the TSS.

21. Pension commitments (continued)

The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits (Entry Age Method)
Investment returns per annum	6 5% per annum
Salary scale increases per annum	5% per annum

The value of notional assets at the date of last valuation was £163,240 million (estimated future contributions together with notional investments held at 31 March 2004)

The proportion of members' accrued benefits covered by the actuarial value of the assets was 98 88%.

Following implementation of Teachers' Pensions (Employers Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employer contributions, For the period 1 August 2005 to 31 December 2006 the employer contributions were 13 5%. The rate increased to 14.1% from 1 January 2007. At the same time the employee rate increased from 6% to 6.4%. Contributions to the TSS amounted to £388,000 (2010:£333,000)

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

Accordingly, the Company has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Company has set out above the information available on the deficit in the scheme and the implications for the college in terms of the anticipated contribution rates.

RCTSS

Funding Valuation

This scheme provides benefits for non-academic staff based on final pensionable salary. The scheme is valued every three years as required under Regulation 77(1) of the Local Government Pension Scheme Regulations 1997 (SI 1997 No. 1612). The latest valuation was undertaken by independent consulting actuaries as at 31 March 2007.

Under the definitions set out in FRS 17, the Local Government Pension Scheme is a multi employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2011.

21. Pension commitments (continued)

The College employs a building block approach in determining the rate of return on Fund Assets Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund as at 31 July 2011.

FRS17

In accordance with the requirements of Financial Reporting Standard 17, the independent consulting actuaries updated the results of the March 2007 valuation in order to ascertain the valuation of the "sub-funds" in the scheme at 31 July 2011.

The major assumptions used by the actuary in this respect were

	2011 %	2010 %
Rate of increase in salaries	4 5	4 3
Rate of increase in pensions in payment	2.6	2 6
Discount rate	5 3	5 4
Inflation assumption-RPI	3.5	3.3
Inflation assumption -CPI	2.6	2.6

The Current Mortality assumptions include an allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are.

	2011	2010
Retiring today		
Males	23.1	21 2
Females	24.4	23.6
Retiring in 20 years		
Males	25 0	23.5
Females	26.4	25 8

21. Pension Commitments (continued)

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected at 31 Jul 2011	31 July 2011 £000s	Long-term rate of return expected at 31 Jul 2010	31 July 2010 £000s
Equities	7 9%	1,269	8 2%	1,091
Gilts	3 9%	626	4.2%	558
Bonds	4.7%	755	4.9%	651
Property	7.4%	1,189	7.7%	1,024
Cash	1 5%	241	1.4%	186
		4,080		3,510

The following amounts at 31 July 2011 were measured in accordance with the requirements of FRS 17.

Analysis of the amount shown in the balance sheet	31 July 2011 £'000	31 July 2010 £'000	31 July 2009 £'000
Estimated asset share	4,080	3,510	2,860
Present value of the Institution's scheme liabilities	(6,590)	(5,890)	(5,900)
Deficit in the scheme - Net pension liability	(2,510)	(2,380)	(3,040)

Analysis of the amount charged to staff costs within operating surplus	31 July 2011 £'000	31 July 2010 £'000
Current service cost	240	260
Total operating charge	240	260

Analysis of the amount that is charged to interest payable	31 July 2011 £'000	31 July 2010 £'000
Expected return on pension scheme assets	(250)	(190)
Interest on pension scheme liabilities	320	360
Net charge	70	170

21. Pension Commitments (continued)

	31 July 2011 £'000	31 July 2010 £'000
Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	80	290
Changes in assumptions underlying the present value of the scheme liabilities	150	600
Experience gains and losses arising on scheme liabilities	(330)	(70)
Actuarial (loss)/gain recognised in STRGL	(100)	820

Movement in period.	31 July 2011 £'000	31 July 2010 £'000
Deficit on scheme at 1 August	(2,380)	(3,040)
- current service cost	(240)	(260)
- contributions	280	270
- other finance charge	(70)	(170)
- actuarial (loss)/gains	(100)	820
Deficit on scheme at 31 July	**(2,510)**	**(2,380)**

Analysis of the movement in the present value of the scheme liabilities	31 July 2011 £'000	31 July 2010 £'000
Opening balance as at 1st August	5,890	5,900
Current service cost	240	260
Interest cost	320	360
Contributions by scheme participants	110	90
Actuarial losses/(gains)	180	(530)
Benefits paid	(150)	(190)
At end of the period	6,590	5,890

21. Pension Commitments (continued)

Analysis of movement in the market value of the scheme assets	31 July 2011 £'000	31 July 2010 £'000
Opening balance as at 1st August	3,510	2,860
Expected rate of return on scheme assets	250	190
Actuarial gains	80	290
Contributions by scheme participants	110	90
Contributions by the employer	280	270
Benefits paid	(150)	(190)
At end of the period	4,080	3,510

The experienced gains and losses for the year ended 31 July were as follows:

	2011	2010	2009
Difference between the expected and actual return on scheme assets			
Amount '000s	80	290	(460)
Experience gains and losses on scheme liabilities			
Amount '000s	(150)	(70)	(600)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is £350,000 loss. (2010:£250,000 loss)

The estimate for contributions for the defined benefit scheme in relation to the year ending 31 July 2010 is £270,000

The actual return on scheme assets in the year was £330,000. (2010:£480,000 loss)

22. Reserves

	Other Reserves £'000	I&E Reserve £'000	Total £'000
Balance as at 1st August	1,972	(25)	1,947
Deficit for the year	0	(840)	(840)
Actuarial Loss on pension scheme	0	(100)	(100)
	1,972	**(965)**	**1,007**

Reserves excluding pension reserve	3,517
Pension Reserve	(2,510)
Reserves including pension reserve	**1,007**

23. Commitments and contingencies

At 31 July the College had the following capital commitments:

	2011 £'000	2010 £'000
Contracted	0	1,113

24. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is the University of Glamorgan, a Higher Education Corporation established under the Education Reform Act 1988. The results of the company have been incorporated in the University of Glamorgan's consolidated accounts, which forms the largest and smallest group for which the company's statements are consolidated, copies of which are obtainable from the following address:

University of Glamorgan
Pontypridd
Rhondda Cynon Taff
CF37 1DL

25. Called up Share Capital

The company is limited by guarantee and comprises one member.