NPTC GROUP

Annual Report
for the year ended 31 July 2015

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GROUP

REPORT OF THE GOVERNING BODY

The Governing body present their annual report and the financial statements of NPTC Group for the year ended 31 July 2015. The consolidated NPTC Group ('NPTC') is comprised of:

- Neath Port Talbot College (the 'College');
- Language Specialists (International) Limited ('LSI');
- Llandarcy Park Limited ('LPL');
- Gwendraeth Valley Community Enterprises Limited t/a Jobforce Wales ('GVCE'); and
- Learnkit Limited ('Learnkit')

The College also has two non-trading subsidiaries:

- Neath Port Talbot College Enterprises Limited ('NPTCE');
- Cycle Academy Wales Limited

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Neath Port Talbot College. The college is an exempt charity for the purposes of the Charities Act 2011.

Mission Statement

To be the best learning provider in Wales

Public Benefit

NPTC Group is an exempt charity and is regulated by the Welsh Government as Principal Regulator for all FE Corporations in Wales. The members of the Governing Body, who are trustees of the charity, are disclosed on page 13. In setting and reviewing the Group's strategic objectives, the Governing Body has had due regard for the Charity Commissions' 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 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

The delivery of public benefit is covered throughout this Report of Governing Body

Strategic Plan

The Group has established a strategic plan centred on the core visions and values set out by the Governing Body. There are a number of specific strategic objectives for improving performance in the plan that link back to each of these vision and value statements

<u>Vision</u>

In 2019 the Group will be:

- A key partner in strategic networks
- A college delivering excellent teaching and learning
- An enterprising and entrepreneurial college
- A college that successfully prepares learners for positive progression
- A recognised lead in using technology
- An employer of choice
- The employers choice for learning and engagement
- A college that is helping to tackle poverty by improving economic prosperity
- A college that promotes Welsh-medium and bilingual learning

Values

The Group value statements commit us to being:

- Student and learning centred in our actions;
- Caring and inclusive in our attitudes;
- Responsible and respectful in our behaviour;
- Bound by equity and diversity as our guiding principles;
- Professional and corporate in our conduct;
- Enterprising and innovative in our outlook;
- Tolerant and supportive in our responses.

The Governing Body has monitored the performance of the Group against the Strategic Plan and is in the process of developing the next five year strategic plan to drive the Group forward.

Performance Indicators

The College is the main provider of post-16 education and training in the Neath Port Talbot area, and for vocational education in Powys, the College is acutely aware of its obligation to the local learning community to provide a learning experience for each individual learner which is of the highest possible standard. In that respect, the current situation as far as the College is concerned is illustrated by the following statistics (note that the data pre 2013/14 reflects NPTC prior to the merger with Coleg Powys on August 1 2013):

Student Recruitment – Overall numbers					
	2010/11	2011/12	2012/13	2013/14	2014/15
NPTC	12,357	10,810	10,178	13,233	13,207
Increase/decrease	1.7%	-12.5%	-5.85%	30%	-0.19%

Percentage Student Recruitment 16-18					
	2010/11	2011/12	2012/13	2013/14	2014/15
NPTC	3,467	3,419	3,407	4,629	4,680
Increase/decrease	2.6%	-1.4%	-0.35%	36%	1.1%

Percentage Student Recruitment 19+					
	2010/11	2011/12	2012/13	2013/14	2014/15
NPTC	6,944	6,642	5,837	7,496	7,488
Increase/decrease	-14.6%	-4.3%	-12.12%	28%	-0.11%

Percentage Student Completion (Retention)					
	2010/11	2011/12	2012/13	2013/14	2014/15
NPTC	91%	93%	93%	94%	94%
Increase/decrease	6.0%	2.0%	0%	1%	0%

Percentage Student Attainment – A Level					
	2010/11	2011/12	2012/13	2013/14	2014/15
NPTC	99%	99%	99%	99%	99%
Increase/decrease	0%	0%	0%	0%	0%

Percentage Leavers for Activity Success – Work Based Learning							
	2010/11	2011/12 Pathways	2011/12 SAW	2012/13 Pathways	2012/13 SAW	2013/14 Pathways	2013/14 SAW
MSD	94%	89%	84%	-	-	-	-
Trainee Engagement	-	74%	79%	100%	100%	-	81%
Trainee Level 1	-	68%	66%	87%	71%	86%	74%
Steps Work Focussed	-	72%	85%	97%	83%	93%	83%
Steps Routeways	-	82%	91%	-	88%	-	–

Percentage Leavers Completing Full Framework – Work Based Learning							
	2010/11	2011/12 Pathways	2011/12 SAW	2012/13 Pathways	2012/13 SAW	2013/14 Pathways	2013/14 SAW
FMA/Foundation Apprentice (FA)	83%	82%	75%	85%	85%	80%	83%
MA/Apprentice (A)	78%	84%	81%	88%	85%	83%	86%
Higher Apprentice (HA)	n/a	100%	100%	75%	75%	78%	60%

Percentage Leavers gaining positive progression – Work Based Learning							
	2010/11	2011/12 Pathways	2011/12 SAW	2012/13 Pathways	2012/13 SAW	2013/14 Pathways	2013/14 SAW
Trainee Engagement	-	60%	57%	63%	64%	71%	65%
Trainee Level 1	-	63%	44%	61%	56%	53%	62%
Steps Work Focussed	-	25%	41%	23%	56%	41%	60%
Steps Routeways	-	32%	32%	-	49%	-	-

Percentage Leavers completing Full Framework – Mid Wales Work Based Learning				
	2010/11	2011/12	2012/13	2013/14
FMA/Foundation Apprentice (FA)	88%	89%	91%	82%
MA/Apprentice (A)	64%	86%	84%	71%

*Data for 2014/15 for Pathways to Apprenticeships and Skills Academy Wales is not validated until March 2016, so is not provided above.

In general, the College has maintained a steady volume of students for 2014/15 and the retention and attainment performances have been maintained at a level above the FE national comparators.

The College is committed to continuous improvement and the vehicle for ensuring such improvement is the College quality cycle which is driven by the self-assessment process. Each year the College produces an annual Self-Assessment Report (SAR) which is submitted to DfES. The judgements made in this profile reflect the nomenclature utilised by Estyn in its Common Inspection Framework. Standards published in the Learning Outcome Report were 88% successful completion. Several schools CHA, CBE and SPS were awarded excellent grades.

NPTC SAR Summary Judgement Profile	
School of Study	**Judgement**
KEY QUESTION 1	
How good are outcomes? 1.1 Standards	**Excellent**
School of 6th Form Academy	**Good**
School of Adult and Community Learning	**Good**
School of Building Engineering Services	**Good**
School of Business Tourism & Hospitality	**Good**
School of Catering Hospitality & Agricultures	**Excellent**
School of Computing & IT	**Good**
School of Construction & Built Environment	**Excellent**
School of Creative Visual & Performing Arts	**Good**
School of Engineering	**Good**
School of Hairdressing Horticulture & Applied Therapies	**Good**
School of Health Social & Childcare	**Good**
School of Foundation Studies	**Good**
School of Sport & Public Services	**Excellent**
Pathways Training	**Good**

NPTC SAR Summary Judgement Profile	
College	**Judgement**
KEY QUESTION 1	
How good are outcomes? 1.2 Wellbeing	**Good**
KEY QUESTION 2	
How good is provision?	**Good**
KEY QUESTIONS 3	
How good are leadership & management?	**Good**

FINANCIAL POSITION

Financial results

The Group incurred an operating deficit in the year of £560k (2014: surplus £92k) after voluntary severance costs of £1,592k (2014: £1,200k). This was made up of a deficit in the College of £903k (2014: deficit £216k), a surplus in LSI of £739k (2014: £473k) and other deficits of £119k (2014: surplus £112k) before any amortisation of goodwill of £277k (2014:£277k). This excludes any profits gift aided from subsidiary companies to the College

The following key performance indicators illustrate the financial context of the Group in terms of the trend experienced over a five year period in relation to the sector as a whole (note that the data pre 2013/14 reflects NPTC pre-merger and does not include Coleg Powys information).

Welsh Government Grant % of Total Income					
	2010/11	2011/12	2012/13	2013/14	2014/15
Sector Average	79.6%	79.1%	80.1%	79.5%	N/K
NPTC Group	72.5%	65.9%	68.2%	69.4%	68.9%

Pay as a Percentage of Total Income					
	2010/11	2011/12	2012/13	2013/14	2014/15
Sector Average	64.7%	63.4%	64.1%	64.3%	N/K
NPTC Group	65.0%	64.1%	64.5%	61.3%	61.6%

Operating Surplus as % of Total Income					
	2010/11	2011/12	2012/13	2013/14	2014/15
Sector Average	2.1%	1.2%	0.2%	(0.58%)	N/K
NPTC Group	2.1%	2.1%	(0.9%)	0.2%	(1.2%)

Interest Cover					
	2010/11	2011/12	2012/13	2013/14	2014/15
Sector Average	2.79	3.93	1.27	(0.13)	N/K
NPTC Group	3.10	2.55	0.23	1.27	(0.8)

Cash Balance (£'000)					
	2010/11	2011/12	2012/13	2013/14	2014/15
Sector Average	4,579	4,199	4,496	5,617	N/K
NPTC Group	6,187	6,732	4,361	7,683	8,086*

*In the interests of clarity, although the group cash position is £8.1M (2014: £7.7M), due to the loans to fund acquisitions and capital investment, the net funds for the group amounts to £1.7M (2014: £537k)

Taking into account an overall reduction in income in the College due to funding cuts in FE and work based learning, and significant additional costs relating to voluntary severances to position the College for the further funding cuts for 2015/16 (£1.6M), the group has maintained a reasonable financial position. The overall financial outcome is also dependent on the surpluses generated by the subsidiary companies, which shows how important the strategy of acquisition has been to the College's aim to maintain the volume and quality of provision of education and training in the communities it serves.

LSI has had a profitable year. Although student numbers had fallen in line with the sector trends, costs were reduced and overall profitability was increased.

Llandarcy Park had another strong year, with facility usage growing and increasing the income and profitability of the company. Gym memberships are now over 2,500 when they were below 300 when the company was acquired. The additional facilities and classes have made a great positive impact and with the addition of the Pavilion Bar just after the year end, prospects are good for the future

Learnkit and GVCE both had a challenging year with the reduction in the work based learning funding resulting in small deficits. However, Learnkit did have a one-off redundancy cost that caused it to drop below break-even, and GVCE did generate an operating surplus before group charges, with just the depreciation costs take it into deficit. The companies are working with SAW to identify ways to increase contract value and maximise funding opportunities.

Treasury policies and objectives

Treasury management is the management of the College cash flows, its banking, money market and capital 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 treasury management policy in place.

All borrowing requires the authorisation of the Corporation.

Cash flows and liquidity

At £403k (2014: £3.3M) the net Group operating cash inflow was reasonably strong despite the reduction in core funding and the absence of any significant grants or external capital financing.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

College and Student achievements

The students who attend NPTC Group, and their successful completion of their course of study, are the focus of the institution. The students continue to flourish, with attainment rates remaining high in the academic and the vocational subjects. In addition, the College strapline is "more than just an education" and it supports and celebrates the success of its students in all endeavours. Some notable achievements for our students, amongst the many this year were as follows:

- For the tenth year in succession the overall pass rate (99.6%) exceeded 99%. In 42 out of 44 offered A level subjects students achieved 100% pass rate with 50% of students achieving A* to B grades and 77% achieving A* to C grades. The College again exceeded the national benchmark. In addition 94 students achieved triple distinction grades in the Extended National Diploma qualifications. More than 200 students undertook the Welsh Baccalaureate with 72% achieving A*/A grades.
- Two students honoured at the Swansea Bay Young Achiever 2015 Awards. A third year bricklaying shared apprentice won the Apprentice of the Year Award and a past Travel and Tourism student won the Young Entrepreneur of the Year Award.
- A female civil engineering apprentice was named as the Construction Industry Training Board's (CITB) Welsh Apprentice of the Year.
- A past student and member of NPTC Group's Centerprise initiative was the winner in the South Wales Business Awards category of Female Entrepreneur of the Year for the cleaning company she has set up with help and advice from the Group's Enterprise and Employability Officer.
- NPTC Group has been appointed as the learning provider to deliver recognized qualifications and on-the-job work experience as part of the Welsh Rugby Union's sports coaching apprenticeship programme.
- Swansea City has teamed up with NPTC Group to launch an elite female football academy based between the Landore training ground and the College's Llandarcy Academy of Sport. The female academy will offer young women between the ages of 16 and 19 the opportunity to study at NPTC Group and play football within the category one English College League and Swans coaches to deliver technical, tactical, strength and conditioning programmes.
- The College was awarded the John G Robinson trophy by the Master and Wardens of the Worshipful Company of Plaisterers for being the best overall performing plastering department in the UK.
- The College's Horticulture Department won a gold medal at the Royal Welsh Spring Festival for its show garden.

Curriculum developments

- The College is continually reviewing and revising the curriculum on offer to ensure that it is fulfilling the needs of the local community and meeting Welsh Government Priorities. The College invests annually in a Curriculum Development Fund (CDF) to allow new curriculum proposals to be thoroughly investigated and progressed where appropriate. In 2014/15 the CDF for example helped support further development of ESDGC and the STEP tutorial across the curriculum. This has helped with the development of specific ESDGC /STEPresources for curriculum areas.

- NPTC Group delivers courses to over 1000 14-16 pupils a week as part of the 14-19 Learning Pathways agenda. These pupils access courses in a wide range of vocational settings which also involves a fair amount of cross border collaboration – 99 % of the Year 11 pupils passed their qualifications in 2014/15.
- The delivery of Welsh Baccalaureate qualifications has continued to progress and advanced level results are amongst the best in Wales based on sector averages. In 2014/15 the College was once again involved in the delivery of the Post 16 L1/L2 Diploma within selected Vocational areas. The outcomes for the new graded WBQ were 98% with 72% achieving A* - A grades. For 2015/16 in readiness for meeting Welsh Government targets the College will further expand the delivery of WBQ across a wide range of curriculum areas.
- For Higher Education the College continues to investigate various alternative and supplementary arrangements with all HE Partners to ensure that there will continue to be accessible Higher Education provision available to the local community.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2014 to 31 July 2015, the College paid 45.4% (2013/14 61.8%) of its invoices within 30 days. The average payment period for the year was 31.01 days (2013/14 28.31 days).

Future developments

The College continues to develop various strategies and plans to respond to the changing environment in which it operates; the aim, as always is to ensure the provision of high quality learning to the communities it serves, that meets the needs of the students and the employers.

The Corporation Board has continued to endorse the broad College strategy of controlled expansion during a time of economic constriction. This strategy is to ensure that a stronger and more financially independent organisation is developed, rather than one that retreats into a much reduced offer of core activity. This strategy requires a commercialisation of the College across a number of areas that are consistent with our core values and aims.

In respect of capital developments, the same projects that were reported last year are awaiting funding to progress further. These were:

- A new campus in Port Talbot as part of the Harbourside development and the town regeneration scheme (including the new £110m peripheral distributor road and the new £10m parkway station). This proposal has "Category B" approval from the Welsh Government for capital funding
- A new campus in Brecon, where NPTC Group has worked closely with Brecon High School and Powys County Council with the aim of transforming the delivery of education at the Brecon Beacons Campus. A proposal providing new facilities the College and the High School, was developed. This proposal envisaged the sharing of facilities, staff, skills and expertise to provide all post primary learners with enhanced and improved choices, learning pathways and progression opportunities. This proposal has been assessed as having a "Category C" rating from the Welsh Government for capital funding.
- Hafren in Newtown (a 556 seat capacity receiving theatre) has secured funding from Arts Council Wales for a comprehensive business case and design study for a project to develop Hafren to create the full arts hub that north Powys needs. Whilst the college has in principal agreement for a substantial proportion of the capital funding form Arts Council Wales the proposal has "Category C" rating from the Welsh Government for capital funding.

PRINCIPAL RISKS AND UNCERTAINTIES:

Outlined below is a description of the principal risk factors that may affect the Group. Not all the factors are within the College control. Other factors besides those listed below may also adversely affect the Group.

1. Government funding

The biggest risk facing the Group is the impact of continued significant reductions in Government funding. The College has been highly proactive is sourcing additional funding streams over the last six years, but there is still considerable reliance on funding from DfES and it is likely that there will be less funding available in future years. Extensive cuts have already been received for 2015/16, requiring savings in excess of £3.5M to be made by the Group and although at the time of writing, the comprehensive spending review is not completed and the Welsh Government budget has not been published, it is clear that the public spending will have to suffer significant further cuts and that may well impact upon the post-16 education sector.

This risk is being mitigated in a number of ways:

- The increased commercialisation of the College to identify and access additional funding streams to make up for shortfalls in public funding;
- Acquisitions of commercial subsidiary companies whose profits can be utilised in ensuring core provision remains unaffected by WG funding restrictions;
- Ensuring the College is rigorous in delivering high quality education and training;
- 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 most from public funding; and
- Regular dialogue with the regional WG offices

2 Performance of subsidiaries and commercial operations

A key component of the College's approach to continuing to meet its strategic objectives in the face of reductions in Government funding is the generation of alternative funds through commercial operations including the subsidiary companies. It is therefore essential that these subsidiaries and commercial operations continue to perform well and provide the college with the resources it needs.

The risk is mitigated in a number of ways including:

- Application of appropriate financial procedures in subsidiary companies
- Regular review of performance by central management and governors' committees
- Appointment of suitable management staff
- Commercial activities and subsidiary companies are within the scope of the internal audit programme
- Consideration of alternative strategies in the event of business failures, including further diversification

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, NPTC has many stakeholders. These include:

- students;
- Welsh Government;
- staff;
- local employers;
- Local Authorities;
- the local community;

- other FE institutions;
- HE institutions;
- trade unions;
- the local voluntary sector;
- local schools
- locally elected political representatives (MP's, AM's, MEP's);
- UK Border Agency;
- sector skills councils;
- the Arts Council, Wales; and
- professional bodies

The College recognises the importance of these relationships and engages in regular communication with them through the college Internet site, e-mail and by meetings.

Equality & Diversity

The College aims to ensure that all learners, staff and other College users are treated with equity regardless of having, or being perceived as having, any of the protected characteristics namely age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

The College published a Strategic Equality Plan in April 2012 for the period 2012 to 2016 in line with the requirements of The Equality Act 2010. The Strategic Equality Plan was developed following a series of consultation activities with learners, members of staff and key external stakeholders. The Strategic Equality Plan outlines a series of equality objectives which are focused on the protected characteristics as identified as part of The Equality Act 2010. The College continues to work towards achieving those objectives within the specified timeframe.

Environment

The objective of NPTC Group is to promote sustainable development within the various departments, Schools (curriculum) and other activities. The organisation is aware of the impact that it has on the environment at local, regional and global level. It is also aware of the issues relating to climate change, biodiversity and the health and wellbeing of all those who use College facilities.

A number of initiatives have been introduced in the 2014/15 academic year to develop the sustainability agenda.

Procurement of energy has changed and we have recently signed up to a contract with BIU for the purchase of flexible energy. As part of this contract a forensic team reviewed the billing data for all areas that use energy with the aim of identifying areas were consumption and cost can be reduced. They proactively manage the supply and demand side of energy spends and if possible will look to purchase renewable energies on behalf of clients such as the College.

Examples – chargeable capacities (KVA) for all sites have been reviewed and reduced.

In addition the College has introduced a pre-tender sustainable risk assessment. In addition, the contractor as part of its tender submission is required to provide information on the way it addresses sustainability, i.e. travel plans, recycling and waste disposal procedures. This forms part of the selection process for appointing/ awarding maintenance and service contracts.

The primary role of the College's 'Sustainability Steering Group' is to promote sustainable and environmental development within NPTC Group. In addition the group will identify viable value for money measures that will reduce resource wastage, carbon emissions and operating costs through improved sustainable management by 5% annually.

An environmental/sustainable audit of NPTC Group was under taken last year and the College was awarded Green Dragon Level 4 Accreditation. The Green Dragon Environment Standard recognises effective environmental management in businesses and organizations. It provides a systematic step-by-step approach comprising of five levels of achievement that allows organisations to develop the sustainable skills and resources required to achieve an environmental accreditation.

NPTC Group continues to be committed to responsible management of energy and water and aims to minimise consumption and expenditure by 5% annually. This can be achieved by identifying viable and cost effective measures for reduction. To some extent some of this has already been implemented through improved energy management and monitoring via systems such as the installation of automatic meter monitoring of utilities.

In addition, measures to reduce heat loss to College buildings by improving insulation levels through the use of modern materials and systems have also taken place. The Estates department has introduced rolling programmes to:

- replace metal framed single glazed windows with new UPVC double glazed units
- increase levels of loft insulation within roof spaces
- installed insulated flat roofing felting systems
- replace defective inefficient internal / external lighting with energy efficient LED lighting systems

Waste Management

The College encourages all staff and students to follow the waste management hierarchy of 'Reduce, Reuse and Recycle' with the objective of reducing the amount of College waste being sent to landfill. Recycling schemes for construction waste, plastic bottles, metal cans and office paper waste have been implemented with more schemes planned.

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 Group 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 auditors are aware of that information.

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:

Gaynor Richards
Chair of the Corporation

Date 17/12/15

Professional advisers

External Auditors:
PricewaterhouseCoopers LLP
Llys Tawe
Kings Road
SA1 Swansea Waterfront
Swansea
SA1 8PG

Internal auditors:
Baker Tilly Risk Advisory Services LLP
Suite 205, Regus House
Malthouse Avenue
Cardiff Gate Business Park
Cardiff
CF23 8RU

Bankers:
Lloyds Banking Group
St William House
Tresillian Terrace
Cardiff
CF10 5BH

Statement of Corporate Governance and Internal Control

The Institution is committed to exhibiting best practice in all aspects of corporate governance.

This summary describes the manner in which the Institution has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council (FRC). Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the Institution complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015 and up to the date of signing of the financial statements. 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.

The Institution 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.

The Corporation

The composition of the Corporation during the period ending 31 July 2015 is set out in Table 1. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

Table 1: Members serving on the Corporation during the period 01.08.14 to 31.07.15

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committee Membership
Mr T Burgoyne	06.11.15	4 yrs		Staff Member	Audit; Learning & Performance
Mr G Cragg	10.12.98	4yrs 4th term		Business	Finance & General Purposes; Search & Governance; Remuneration
Mr M Dacey	01.05.04	Ex officio		CEO (Note title changed from Principal as at 01.08.13)	Finance & General Purposes; Human Resources; Search & Governance
Mr S Dickerson	06.11.15	4yrs		Staff Member	Finance & General Purposes; Learning & Performance
Mr K Goodley	16.12.04	4yrs 3rd term		Community	Human Resources; Learning & Performance
Mrs J Harding	22.10.08	4yrs 2nd term		Community	Human Resources; Special
Mr S Harries	24.06.09	4yrs 2nd term	3rd Term	Business	Audit; Remuneration
Mr J Hehir	29.03.06	4yrs 2nd term	3rd Term	Business	Corporation Board Vice Chair; Audit; Search & Governance.
Mrs M Ifans	08.06.11	4yrs		Co-opted Advisor	Human Resources; Learning & Performance
Mr N Jones	17.12.14	I year	31.07.15	Student	
Mrs R Lawrence	01.04.97	4yrs 5th term		Business	Search & Governance
Prof D Mead	14.02.07	4yrs 2nd term		Co-opted	Appointments; Audit (Chair); Learning & Performance
Mr S Mohammed	14.02.07	4yrs 2nd term		Community	Learning & Performance (Chair)

Mrs H Morgan	08.06.11	4yrs		Co-opted Advisor	Finance & General Purposes; Learning & Performance
Mr G Pullen	08.06.11	4yrs		Business	Finance & General Purposes
Mrs G Richards	30.03.11	4yrs		Business	Appointments (Chair); Corporation Board (Chair); Finance & General Purposes (Chair); Remuneration (Chair)
Miss R Thomas	17.12..14	1 Year	31.07.15	Student	
Mrs P Vine	24.03.10	4yrs		Co-opted	Search & Governance; Audit
Mr J Wright	16.12.04	4yrs 3rd term	16.04.15	Co-opted	Search & Governance; Learning & Performance; Remuneration

The Corporation is provided with regular and timely information on the overall financial performance of the Institution, 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 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:

- Audit
- Finance & General Purposes
- Human Resources
- Learning & Performance
- Search & Governance
- Remuneration
- Appointments
- Special and Reporting.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Governance Officer of the Corporation through the College website (www.nptcgroup.ac.uk) or at the following address:

NPTC Group Neath Campus
Dwr Y Felin Road
Neath
SA10 7RF

All governors are able to take independent professional advice in furtherance of their duties at the Institution's expense and have access to the Governance Officer to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The Governance Officer is also a practising solicitor. The appointment, evaluation and removal of the Governance Officer 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 also 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 CEO are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the Corporation as a whole. The Corporation has a search committee which is comprised of six 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.

Remuneration committee

Throughout the year ending 31 July 2015, the Institution's remuneration committee comprised of four Members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the CEO and other senior post holders.

Details of remuneration for the year ended 31 July 2015 are set out in note 6 to the financial statements.

Audit committee

The Audit Committee comprises of five Members of the Corporation. The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the Institution's internal and external financial statement auditors, who have access to the committee for independent discussion, without the presence of Institution management. The committee also receives and considers reports from the Welsh Government as they affect the Institution's business.

The Institution's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee.

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

The Audit Committee also advises the Corporation on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work.

Internal control

Scope of responsibility

The Corporation is ultimately responsible for the Institution'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 CEO, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Institution's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the Institution and the Welsh Government. 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 institution 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 the College for the year ended 31 July 2015 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 Institution 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 an ongoing process for identifying, evaluating and managing the Institution's significant risks that has been in place for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts, but that this process needs to be more formally documented following the disruption of the merger.

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 the 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.

NPTC Group uses an independent internal audit service, which operates in accordance with the requirements of the Welsh Government. The work of the internal audit service is informed by an analysis of the risks to which the Group is exposed, and the Annual Internal Audit Plan is based on this analysis. The analysis of risks and the Internal Audit Plan are endorsed by the Corporation on the recommendation of the Audit Committee. As a minimum annually, the Internal Auditor provides the Corporation with a report on internal audit activity within the Group. The report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of the Group system of risk management, controls and governance processes.

The Internal Auditors have also provided the Corporation Board with an independent opinion on the risk maturity of the Group. The Institute of Internal Auditors define risk maturity as "the extent to which a robust risk management approach has been adopted and applied as planned by management across the organisation, to identify, assess, decide on responses to, and report on opportunities and threats that affect the achievement of the organisation's objectives." The Internal Auditors concluded as follows:

"We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of NPTC Group's arrangements."

For the twelve months ended 31 July 2015, based on the work we have undertaken, our opinions regarding the adequacy and effectiveness of NPTC Group's arrangements for governance, risk management and control is as follows:

Governance - Amber

Risk Management - Amber

Control - Amber

Green on the Green Amber Red rating used is the highest rating given and is explained as "Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective". Amber is the second highest rating used and is explained as "Taking account of the issues identified, the Board can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. However we have identified issues that, if not addressed, increase the likelihood of risk materialising in this area."

It is worth noting that the philosophy that NPTC Group management and the Audit Committee follow, in respect of internal audit, is to ensure that attention is focused on any areas that are believed to have high risk or potential issues. This does mean that the results of the internal audits may therefore be skewed in a more negative direction. Undertaking a standard plan of internal audits would almost guarantee a positive outcome, but the Group wants to ensure that it finds, records, corrects and monitors those potential issues in traditionally less audited areas.

Review of effectiveness

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

The CEO 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 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, 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. At its October 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

Based on the advice of the Audit Committee and the CEO, the Corporation is of the opinion that the Institution 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".*

Governing Body's statement on the Corporation'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 Welsh Government terms and conditions of funding, under the funding agreement in place between the Institution and the Welsh Government. As part of its consideration the Corporation has had due regard to the requirements of the funding agreement.

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

Going concern

After making appropriate enquiries, the Corporation considers that the Institution has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 17 December 2015 and signed on its behalf by:

Signed ______________________	Signed ______________________
Date 17/12/15	Date 17/12/15
Gaynor Richards, Chair of the Corporation	**Mark Dacey, CEO**

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 agreed between the Welsh Government and the Corporation of the College, the Corporation, through its Chief Executive, is required to prepare financial statements for each financial year, in accordance with the 2007 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the *Account direction to further education institutions for 2014/15* issued by the Welsh Government, which give a true and fair view of the state of affairs of the Group 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 Group will continue in operation

The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group, 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 Group website is the responsibility of the Corporation of the Group; 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 Welsh Government and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from Welsh Government are used only in accordance with the Financial Memorandum with Welsh Government and any other conditions that the Welsh Government may prescribe 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 Group's resources and expenditure, so that the benefits that should be derived from the application of public funds by Welsh Government are not put at risk.

Approved by order of the Members of the Corporation on 17 December 2015 and signed on its behalf by:

Signed ______________ **Date** 17/12/15

Gaynor Richards, Chair of the Corporation

Independent auditors' report to the Governing Body of Neath Port Talbot College (the "Institution")

Report on the financial statements

Our opinion

In our opinion:

- Neath Port Talbot College's group financial statements and parent institution financial statements (the "financial statements") give a true and fair view of the state of the group's and the parent institution's affairs as at 31 July 2015, and of the group's income and expenditure, recognised gains and losses and cash flows, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- have been properly prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education; and

- have been properly prepared in accordance with the Accounts Direction issued by the Welsh Government.

What we have audited

The financial statements comprise:

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

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

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

Opinions on other matters prescribed in the Further Education Audit Code of Practice 2015 issued by the Welsh Government

In our opinion, in all material respects:

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

- income has been applied in accordance with the financial memorandum with the Welsh Government.

Responsibilities for the financial statements and the audit

Respective responsibilities of the Governing Body and auditors

As explained more fully in the statement of responsibilities of the members of the governing body set out on page 19, the Governing Body 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) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the institution's Governing Body as a body in accordance with Article 18 of the College's articles of government and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Governing Body; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea
23 December 2015

Consolidated Income and Expenditure account for the year ended 31 July 2015

	Note	2015 £000	2014 £000
Income			
Funding Body Grants	2	**31,901**	34,006
Tuition Fees and Education Contracts	3	**8,233**	8,939
Other Income	4	**5,803**	6,017
Investment Income		**327**	78
Total Income		**46,264**	49,040
Expenditure			
Staff Costs	5	**28,502**	30,033
Exceptional restructuring costs	5	**1,592**	1,200
Other Operating Expenses	7	**13,467**	14,497
Depreciation	12	**2,675**	2,598
Amortisation	11	**277**	277
Interest and other finance costs	8	**311**	343
Total Expenditure		**46,824**	48,947
(Deficit) / Surplus for the year retained within General Reserves	20	**(560)**	92

Of the consolidated surplus, a deficit £903,000 (2014: £216,000 deficit), excluding profits gift aided from subsidiary companies, has been dealt with in the financial statements of the College.

The notes on pages 26 to 48 form part of the Financial Statements

All amounts relate to continuing operations in 2015 and 2014.

Consolidated Statement of Total Recognised Gains and Losses for the Year Ended 31 July 2015

	Note	£000	£000
(Deficit) / Surplus on continuing operations after depreciation of assets at valuation and tax	20	**(560)**	92
Gain arising on merger		-	14,735
Actuarial (losses) / gains in respect of pension scheme	21	**(3,590)**	2,160
Total recognised (losses) / gains relating to the year		(4,150)	16,987
Reconciliation			
Opening reserves		**21,479**	4,492
Total recognised (losses) / gains for the year		**(4,150)**	16,987
Closing reserves		**17,329**	21,479

Consolidated Statement of Historical Cost Surpluses for the Year Ended 31 July 2015

	Note	2015	2014
		£000	£000
(Deficit) / Surplus on continuing operations	20	**(560)**	92
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	**186**	186
Historical cost (deficit) / surplus for the year		(374)	278

College and Consolidated Balance Sheets as at 31 July 2015

	Note	2015 College £000	2015 Consolidated £000	2014 College £000	2014 Consolidated £000
Fixed Assets					
Intangible Assets	11	**-**	**1,621**	-	1,898
Tangible Assets	12	**39,315**	**44,533**	41,034	46,483
Investments	13	**8,302**	**-**	8,302	-
Total Fixed Assets		**47,617**	**46,154**	49,336	48,381
Current Assets					
Stock	14	**267**	**269**	254	257
Debtors	15	**5,187**	**3,841**	6,740	6,324
Cash at bank and in hand		**5,105**	**8,086**	4,787	7,683
Total Current Assets		**10,559**	**12,196**	11,781	14,264
Less: Creditors: amounts falling due within one year	16	**(5,716)**	**(7,538)**	(6,986)	(9,703)
Net Current Assets		**4,843**	**4,658**	4,795	4,561
Total Assets Less Current Liabilities		**52,460**	**50,812**	54,131	52,942
Less: Creditors: amounts falling due after more than one year	17	**(5,593)**	**(5,634)**	(6,315)	(6,382)
Less: Provisions for Liabilities	18	**(1,629)**	**(1,629)**	(1,611)	(1,611)
Net Assets excluding Pension Liability		**45,238**	**43,549**	46,205	44,949
Pension Liability	21	**(14,160)**	**(14,160)**	(10,560)	(10,560)
Net Assets including Pension Liability		**31,078**	**29,389**	35,645	34,389
Deferred Capital Grants	19	**12,061**	**12,061**	12,910	12,910
Reserves					
Income and expenditure account excluding pension reserve	20	**28,166**	**26,478**	28,098	26,842
Pension Reserve	20	**(14,160)**	**(14,160)**	(10,560)	(10,560)
Income and expenditure account including pension reserve		**14,006**	**12,318**	17,538	16,282
Revaluation reserve	20	**5,011**	**5,011**	5,197	5,197
Total Reserves		**19,017**	**17,329**	22,735	21,479
Total Funds		**31,078**	**29,389**	35,645	34,389

The financial statements on pages 22 to 48 were approved by the Corporation on 17 December 2015 and were signed on its behalf by:

Chair

Chief Executive

Vice Principal: Financial Services

Consolidated Cash Flow Statement for the Year Ended 31 July 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	22	**2,031**	2,385
Returns on investments and servicing of finance	23	**18**	(325)
Capital expenditure and financial investment	24	**(896)**	(1,181)
Acquisitions	25	**-**	3,078
Financing	26	**(750)**	(635)
Increase in cash in the year		**403**	3,322

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	2015 £000	2014 £000
Increase in cash in the year	27	**403**	3,322
Cash outflow from repayment of debt	27	**718**	605
Cash outflow from decrease in lease financing	27	**32**	30
Non cash flow movement	27	**-**	(37)
Movement in net funds in the year	27	**1,153**	3,920
Net funds / (debt) at 1 August	27	**537**	(3,383)
Net funds at 31 July	27	**1,690**	537

Notes to the Financial Statements for the year ended 31 July 2015

1 **Statement of accounting policies**

Basis of preparation

These financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards in the United Kingdom. They conform to guidance published by WG in the Accounts Direction Handbook. The key accounting policies, which have been consistently applied, are as follows:

Accounting for Coleg Powys

In accordance with the 2007 SORP, the combination of the continuing College and the dissolved College has been accounted for as an acquisition for nil consideration from the date of acquisition in the year ended 31 July 2014.

The SORP differs in its requirements for the treatment of negative goodwill from that outlined in the Accounts Direction, published by Welsh Government which cross refers to guidance in the Association of Colleges Accounts Direction Handbook (the "Handbook"). The SORP follows UK GAAP treatment and includes full adoption of FRS6, FRS7 and FRS10. The SORP requires that on acquisition the identifiable assets and liabilities of an Institution acquired should be measured at fair value that reflects the conditions on acquisition and should be included in the acquiring Institution's balance sheet.

FRS10 requires that in the circumstance of negative goodwill, this should be recognised and separately disclosed on the face of the balance sheet in fixed assets. Negative goodwill up to the fair values of the non-monetary assets acquired, should be recognised in the income and expenditure account in the periods in which the non-monetary assets are recovered, whether through depreciation or sale. Any excess negative goodwill in excess of the fair value of the non-monetary assets acquired should then be recognised in the income and expenditure account in the periods expected to be benefited.

The Handbook indicates that the transfer should be accounted for in substance as a gift and the preferred approach is to credit this to the statement of total recognised gains and losses. The College has followed the Handbook as referred to in the Accounts Direction published by Welsh Government and the gain arising on the combination in the prior year of the Colleges was therefore recorded in the statement of total recognised gains and losses. This was an override of FRS10 which is necessary in the view of the Corporation in order for the financial statements to give a true and fair view.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the College and its subsidiary undertakings made up to 31 July 2015. Uniform accounting policies have been applied across the group.

The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passed. Intra-group sales and profits are eliminated on consolidation. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that existed at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the group has gained control of the subsidiary are accounted for in the post-acquisition profit and loss account.

Acquisition accounting has been used to account for the acquisition of the acquired subsidiaries.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the valuation at 1 April 1993 of inherited land and buildings.

Consortium Income

NPTC is the lead partner in a consortium to deliver Work Based Learning. The income included in these accounts is earned by the institution in its capacity as a provider and consortium lead. All other income relating to the consortium and payable to consortium members has been excluded from the accounts.

Recognition of income

The recurrent grants from Welsh Government represent the funding allocations attributable to the current financial year and are credited directly to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non-recurrent grants from the Welsh Government or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors. Where the amount of tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

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.

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

Gift aid is accounted for on a receivable basis.

All income arises in the UK.

Pension schemes

Retirement benefits to employees of the College are provided by The Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension 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 payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Intangible fixed assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired entity at the date of the acquisition. Goodwill is amortised on a straight line basis over its estimated useful life of 10 years. The estimated useful life is based on the period over which the group is expected to derive economic benefits from the assets.

Tangible fixed assets

For tangible fixed assets, cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at a valuation on the basis of depreciated replacement cost at the date of receipt. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The refurbishment of existing buildings is depreciated over 10 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 capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1998, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

Heritage assets

Works of art and other valuable artefacts (heritage assets) and valued at over £25,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation at the date of receipt.

Equipment inherited from the Local Education Authority in excess of £250 per individual item is included in the balance sheet at depreciated replacement cost.

All equipment is depreciated on a straight line basis over its useful economic life as follows:

Computer and office equipment	5 years
Plant and equipment	5 years
Motor vehicles	5 years
Farm Equipment	10 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy. The related grant is credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment on a basis consistent with the depreciation policy.

Revaluation reserves

The value of tangible fixed assets and net current liabilities inherited from the Local Education Authority on 1 April 1993 was transferred to the College's revaluation reserve. An amount equal to the depreciation charged on the inherited assets is transferred from the revaluation reserve to the income and expenditure account.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives

Maintenance of premises

The group has a rolling long-term maintenance plan which forms the basis of the on-going maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the income and expenditure account as incurred.

Impairments

A review for impairment of intangible and tangible fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of the relevant fixed asset may not be recoverable.

Investments

Investments in subsidiary undertakings are shown at cost less provision for impairment.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of farm stock is estimated at net realisable value less 15% in accordance with accepted agricultural valuation practice.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates, or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

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 Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

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

Provisions

Enhanced pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the Skills Funding Agency.

Other provisions

Provisions are recognised when the group 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.

Agency arrangements

The College acts as an agent in the collection and payment of financial contingency funds. Related payments received from the Welsh Government and subsequent disbursements to students and institutions are excluded from the income and expenditure account and are shown separately in note 30.

2 Funding Body grants

	2015	2014
	£000	£000
Welsh Government grants:		
Recurrent funding	**26,195**	27,522
Work Based Learning grant (WBL) (note 2a)	**4,425**	5,152
Release of deferred capital grants (note 19):		
- Buildings	**774**	809
- Equipment	**13**	13
Specific grants	**494**	510
	31,901	34,006

2a Consortium Income

NPTC is the lead partner in a consortium to deliver Work Based Learning. The income included in these accounts is earned by the institution in its capacity as a provider and consortium lead. All other income relating to the consortium and payable to consortium members has been excluded from the accounts. Total income claimed in the year and the related payments to partners was as follows:

	2015	2014
	£000	£000
Total income	**10,331**	11,952
Payments to FE partners	**(2,421)**	(2,882)
Payments to non FE partners	**(3,485)**	(3,918)
Net income attributable to the Group	**4,425**	5,152

3 Tuition fees and education contracts

	2015	2014
	£000	£000
Higher Education (HE) income	**64**	481
Other	**1,232**	1,095
Education contracts	**1,296**	1,576
Tuition fees	**6,197**	6,546
Cost recovery courses	**397**	401
Examination fees	**229**	308
Registration fees	**114**	108
Tuition fees and charges	**6,937**	7,363
	8,233	8,939

4 Other income

	2015 £000	2014 £000
European funds	**118**	167
Catering	**955**	1,001
Other operating income	**4,668**	4,750
Release of non-WG deferred capital grants	**62**	99
	5,803	6,017

5 Staff costs

	Number	2015 £000	Number	2014 £000
Teaching departments	**524**	**18,352**	539	18,572
Other support services	**79**	**1,662**	99	1,828
Administration and central services	**99**	**3,325**	128	3,865
Premises	**17**	**376**	17	494
Other income generating activities	**184**	**4,142**	176	4,386
Catering	**20**	**325**	19	338
	923	**28,182**	979	29,483
FRS17 adjustments		**320**		550
Staff costs for the above persons		**28,502**		30,033
Exceptional restructuring costs		**1,592**	-	1,200

The number of employees indicated above represents the average weekly number of persons (including senior post holders) employed by the College during the financial year expressed as full time equivalents.

	2015 £000	2014 £000
Wages and salaries	**23,535**	24,728
Social security costs	**1,677**	1,764
Other pension costs (including FRS17 adjustments)	**3,290**	3,541
	28,502	30,033
Exceptional restructuring costs	**1,592**	1,200
	30,094	31,233

Exceptional restructuring costs relate to voluntary severances.

6 Senior post holders' emoluments

The emoluments of senior post holders and higher paid employees, being any member of staff in the Group with total emoluments during the year which exceeded £60,000 are as follows:

	Senior post holders		**Other higher paid staff**	
	2015	2014	**2015**	2014
	£	£	**£**	£
Emoluments:				
Salary	**492,924**	542,098	**467,808**	370,300
Pension contribution	**70,531**	78,282	**58,539**	37,664
Benefits in kind	**-**	-	**-**	-
Total emoluments	**563,455**	620,380	**526,347**	407,964

	2015	2014
	£	£
Emoluments of CEO*:		
Salary	**142,030**	133,616
Pension contributions	**20,026**	18,840
	162,056	152,456

*CEO is equivalent to the Principal for these purposes.

The Members of the Corporation other than the CEO and staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The pension contributions in respect of the CEO and senior post holders are in respect of employer's contributions to the Teachers Superannuation Scheme and the Local Government Pension Scheme and are paid at the same rate as for other employees.

The number of senior post holders (including the CEO) and other higher paid staff in the Group who received emoluments, excluding pension contributions and including any benefits in kind, in the following ranges was:

	Senior post holder		**Other higher paid staff**	
	2015	2014	**2015**	2014
	Number	Number	**Number**	Number
£60,001 to £70,000	**-**	-	**8**	5
£70,001 to £80,000	**-**	1	**-**	-
£80,001 to £90,000	**3**	3	**-**	1
£90,001 to £100,000	**1**	1	**-**	-
£130,001 to £140,000	**-**	1	**-**	-
£140,001 to £150,000	**1**	-	**-**	-
	5	6	**8**	6

No costs were incurred in 2014/15 (2013/14: £Nil) in respect of overseas' activities.

7 Other operating expenses

	2015	2014
	£000	£000
Teaching and learning departments	**2,666**	4,558
Learning support services	**2,673**	1,254
Administration and central services	**1,977**	2,809
Premises costs	**3,225**	3,066
Income generating	**2,374**	2,111
Catering	**538**	499
Other	**14**	200
Total	**13,467**	14,497

The operating (deficit)/surplus for the year is after charging / (crediting):

	2015 £000	2014 £000
Depreciation:		
Owned assets	**2,665**	2,588
Assets held under finance leases	**10**	10
Amortisation of goodwill	**277**	277
Loss on disposal of tangible fixed assets	**170**	-
Auditors' remuneration:		
External auditors- audit of College	**26**	26
External auditors- audit of subsidiaries	**30**	30
External auditors- regulatory services	**11**	12
Internal audit	**32**	29
Hire of land and buildings – operating leases	**284**	168

8 Interest and other finance costs

	2015 £000	2014 £000
On finance leases	**1**	6
On restructuring fund	**65**	70
On bank loans	**245**	267
Total	**311**	343

9 Taxation

The College is not liable for any corporation tax arising out of its activities during the year.

10 Fixed Assets Summary

	2015 College £000	Consolidated £000	2014 College £000	Consolidated £000
Intangible Fixed Assets (Goodwill) – net book value	**-**	**1,621**	-	1,898
Tangible Fixed Assets – net book value	**39,315**	**44,533**	41,034	46,483
Investments	**8,302**	**-**	8,302	-
Total	**47,617**	**46,154**	49,336	48,381

11 Intangible fixed assets

	Goodwill
	£000
Cost	
At 1 August 2014	**2,768**
At 31 July 2015	**2,768**
Accumulated amortisation	
At 1 August 2014	**870**
Charge for the year	**277**
At 31 July 2015	**1,147**
Net book value at 31 July 2015	**1,621**
Net book value at 31 July 2014	1,898

12 Tangible Fixed Assets

(a) College	Freehold land	Freehold buildings	Plant and equipment	Computer and office equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 August 2014	5,787	51,056	2,130	4,264	165	63,402
Additions	-	390	117	207	49	**763**
Disposals		(4)	(5)	(202)	(17)	**(228)**
Transfers	200	(200)	-	-	-	-
At 31 July 2015	**5,987**	**51,242**	**2,242**	**4,269**	**197**	**63,937**
Accumulated depreciation						
At 1 August 2014	-	17,385	1,715	3,114	154	22,368
Charge for the year	-	1,927	174	248	17	**2,366**
Disposals	-	(79)	(11)	-	(22)	**(112)**
Transfers	-	(76)	-	76	-	-
At 31 July 2015	-	**19,157**	**1,878**	**3,438**	**149**	**24,622**
Net book value						
At 31 July 2015	**5,987**	**32,085**	**364**	**831**	**48**	**39,315**
At 31 July 2014	5,787	33,671	415	1,150	11	41,034
Net book value						
Inherited	5,973	14,689	-	-	-	**20,662**
Financed by capital grant (WG)	-	9,690	7	-	-	**9,697**
Other capital grant	-	2,364	-	-	-	**2,364**
Other	14	5,342	357	831	48	**6,592**
	5,987	**32,085**	**364**	**831**	**48**	**39,315**

(b) Consolidated

	Freehold Land	Freehold buildings	Plant and Equipment	Computer and office equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 August 2014	5,787	56,688	2,183	4,469	165	69,292
Additions	-	467	171	209	49	**896**
Disposals	-	(4)	(7)	(205)	(17)	**(233)**
Transfers	200	(200)	-	-	-	**-**
At 31 July 2015	**5,987**	**56,951**	**2,347**	**4,473**	**197**	**69,955**
Accumulated depreciation						
At 1 August 2014	-	17,896	1,636	3,123	154	22,809
Charge for the year	-	2,156	250	253	17	**2,676**
Disposals	-	(25)	(13)	(3)	(22)	**(63)**
Transfers	-	(76)	-	76	-	**-**
At 31 July 2015	**-**	**19,951**	**1,873**	**3,449**	**149**	**25,422**
Net book value						
At 31 July 2015	**5,987**	**37,000**	**474**	**1,024**	**48**	**44,533**
At 31 July 2014	5,787	38,792	547	1,346	11	46,483
Net book value						
Inherited	5,973	14,689	-	-	-	**20,662**
Financed by capital grant (WG)	-	9,690	7	-	-	**9,697**
Other capital grant	-	2,364	-	-	-	**2,364**
Other	14	10,257	467	1,024	48	**11,810**
	5,987	**37,000**	**474**	**1,024**	**48**	**44,533**

The transitional rules as set out in FRS15, Tangible Fixed Assets, were applied on implementation of FRS15. Accordingly, the book values at implementation were retained.

Land and buildings inherited on 1 April 1993 were valued at depreciated replacement cost by a firm of independent surveyors. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the College on a depreciated replacement cost basis.

Land and buildings with a net book value of £20,622,000 (2014: £21,946,000) have been funded from Local Education Authority sources. Should these assets be sold the College would either have to surrender the sale proceeds to the WG, or use them in accordance with the financial memorandum of the WG.

Included in tangible fixed assets are assets held under hire purchase contracts, which had a net book value of £161,000 at 31 July 2015 (2014: £171,000).

13 Investments

	Group companies
College	**£000**
Cost and net book value	
At 1 August 2014	8,302
Additions	-
At 31 July 2015	**8,302**

The College has the following subsidiaries:

Name	% ownership of ordinary shares	Country of incorporation	Principal activity
Language Specialists (International) Limited	100	UK	English language training
Gwendraeth Valley Community Enterprises Limited t/a Jobforce Wales	100	UK	Work based training
Llandarcy Park Limited	100	UK	Sports facilities provision
Learnkit Limited	100	UK	Work based training
Neath Port Talbot College Enterprises Limited	100	UK	Non-Trading
Cycle Academy Wales Limited	100	UK	Non-Trading

The members believe that the carrying value of the investments is supported by their underlying net assets.

Cycle Academy Wales Limited was set up in the prior year, but has not traded.

14 Stock

	2015		2014	
	College £000	**Consolidated £000**	College £000	Consolidated £000
Farm stock	**267**	**267**	254	254
Other stock	**-**	**2**	-	3
Total	**267**	**269**	254	257

15 Debtors

	2015		2014	
	College £000	**Consolidated £000**	College £000	Consolidated £000
Amounts falling due within one year				
Trade debtors	**1,090**	**1,316**	2,636	3,334
Prepayments and accrued income	**2,263**	**2,525**	2,604	2,980
Amounts due from subsidiary undertakings	**1,025**	**-**	715	-
Other debtors	**-**	**-**	6	10
Total	**4,378**	**3,841**	5,961	6,324
Amounts falling due in more than one year				
Amounts due from subsidiary undertakings	**809**	**-**	779	-
Total	**5,187**	**3,841**	6,740	6,324

16 Creditors: amounts falling due within one year

	2015 College £000	2015 Consolidated £000	2014 College £000	2014 Consolidated £000
Bank loan (see note 17 (a))	**718**	**718**	715	715
Obligations under finance leases (see note 17 (b))	**17**	**43**	24	49
Payments received in advance	**72**	**765**	250	250
Trade creditors	**281**	**675**	1,183	1,687
Other taxation and social security	**716**	**805**	547	651
Amounts owed to subsidiary undertakings	**591**	**-**	578	-
Accruals and deferred income	**3,321**	**4,532**	3,689	6,351
Total	**5,716**	**7,538**	6,986	9,703

Payments received in advance represent unspent grants received from WG.

17 Creditors: amounts falling due after more than one year

	2015 College £000	2015 Consolidated £000	2014 College £000	2014 Consolidated £000
Bank loan (see (a) below)	**5,587**	**5,587**	6,309	6,309
Obligations under finance leases (see (b) below)	**6**	**47**	6	73
Total	**5,593**	**5,634**	6,315	6,382

(a) Bank loans

	2015 College £000	2015 Consolidated £000	2014 College £000	2014 College £000
In less than one year	**718**	**718**	715	715
Between one and two years	**700**	**700**	718	718
Between two and five years	**1,938**	**1,938**	2,097	2,097
More than five years	**2,949**	**2,949**	3,494	3,494
Total	**6,305**	**6,305**	7,024	7,024

The bank loans are as follows:

Bank	**Amount**	**Rate**	**Term**
Bank of Scotland	£1,220,822	75bps above base rate	20 years
Lloyds TSB	£2,067,187	4.096% fixed	16 years
Santander	£2,909,375	4.880% fixed	16 years
Salix	£107,828	0%	6 years

(b) Obligations under finance leases

The net finance lease obligations to which the College is committed are:

	2015 College £000	2015 Consolidated £000	2014 College £000	2014 Consolidated £000
In less than one year	**17**	**43**	24	49
In more than one year	**6**	**47**	6	73
Total	**23**	**90**	30	122

18 Provisions for liabilities

	Enhanced pension provision £000
College and consolidated	
At 1 August 2014	1,611
Interest charge	66
Charge to staff costs	63
Utilised during the year	(111)
At 31 July 2015	**1,629**

The provision for pension contributions includes £179,520 (2014: £176,082) in respect of enhanced pension payable to former senior post-holders.

19 Deferred capital grants

College & Group	**WG £000**	**Other £000**	**Total £000**
At 1 August 2014			
Land and buildings	10,463	2,426	12,889
Equipment	21	-	21
	10,484	2,426	12,910
Cash received			
Land and buildings	-	-	-
Equipment	-	-	-
	-	-	-
Released to income and expenditure account			
Land and buildings	774	62	836
Equipment	13	-	13
	787	62	849
At 31 July 2015			
Land and buildings	9,689	2,364	12,053
Equipment	8	-	8
	9,697	2,364	12,061

20 Reserves

(a) College

	2015 £000	2014 £000
Revaluation reserve		
At 1 August	**5,197**	5,383
Transfer to income and expenditure	**(186)**	(186)
At 31 July	**5,011**	5,197

	2015	2014
	£000	£000
Income and expenditure account		
At 1 August	**28,098**	8,503
Gain on merger	**-**	18,515
(Deficit) / Surplus for the year (including £775,000 gift aid from subsidiaries, 2014: £620,000)	**(128)**	404
Transfer from pension reserve	**10**	490
Transfer from revaluation reserve	**186**	186
At 31 July	**28,166**	28,098

	2015	2014
	£000	£000
Pension reserve		
At 1 August	**(10,560)**	(8,450)
On acquisition	**-**	(3,780)
Actuarial (loss) / gain in respect of pension scheme	**(3,590)**	2,160
Transferred from income and expenditure account	**(10)**	(490)
At 31 July	**(14,160)**	(10,560)

(b) Consolidated

	2015	2014
	£000	£000
Revaluation reserve		
At 1 August	**5,197**	5,383
Transfer to income and expenditure	**(186)**	(186)
At 31 July	**5,011**	5,197

	2015	2014
	£000	£000
Income and expenditure account		
At 1 August	**26,842**	7,559
Gain on merger	**-**	18,515
Surplus / (deficit) for the year	**(560)**	92
Transfer from pension reserve	**10**	490
Transfer from revaluation reserve	**186**	186
At 31 July	**26,478**	26,842

	2015	2014
	£000	£000
Pension reserve		
At 1 August	**(10,560)**	(8,450)
On acquisition	**-**	(3,780)
Actuarial (loss) / gain in respect of pension scheme	**(3,590)**	2,160
Transferred from income and expenditure account	**(10)**	(490)
At 31 July	**(14,160)**	(10,560)

21 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the City and County of Swansea. Both are defined-benefit schemes. The total pension cost was:

	2015	2014
	£000	£000
LGPS – contributions paid	**1,250**	1,320
– additional FRS17 charge	**320**	550
TSS	**1,505**	1,476
Other	**215**	195
	3,290	3,541

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £372,000 (2014: £375,000) were payable to the schemes at 31st July and are included within creditors.

(a) Teachers superannuation scheme

Introduction

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.

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 and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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

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 will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £1,505,000 (2014: £1,476,000).

FRS 17

Under the definitions set out in FRS 17, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

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

(b) Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds administered by the City & County of Swansea. The total contribution made for the year ended 31 July 2015 was £1,710,000 (2014: £1,790,000), of which employer's contributions totalled £1,250,000 (2014: £1,320,000) and employees' contributions totalled £460,000 (2014: £470,000). The last full actuarial valuation of the City & County of Swansea Pension Fund was performed on 31 March 2013.

The agreed contribution rates for future years are 14.7% for employers and range from 5.5% to 12.5% for employees, depending on salary. An additional annual payment of £203,744 for the 2015/16 financial year is also payable towards the deficit

FRS 17

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary:

Principal Actuarial Assumptions	**At 31 July 2015**	At 31 July 2014
Rate of increase in salaries	**3.6%**	3.7%
Rate of increase for pensions in payment / inflation	**2.1%**	2.2%
Discount rate for scheme liabilities	**3.6%**	4.1%

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 2015	At 31 July 2014
Retiring today		
Males	**22.6**	22.5
Females	**25.1**	25.0
Retiring in 20 years		
Males	**24.8**	24.7
Females	**27.4**	27.3

The College's share of the assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2015	**Value at 31 July 2015**	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014
		£000		£000
Equities	**7.0%**	**24,269**	7.5%	21,910
Property	**6.2%**	**1,609**	6.8%	1,520
Government bonds	**2.5%**	**4,204**	3.2%	3,995
Corporate bonds	**3.1%**	**328**	3.7%	298
Cash	**1.1%**	**985**	1.1%	715
Other	**7.0%**	**1,445**	7.5%	1,372
Total market value of assets		**32,840**		29,810
Present value of scheme liabilities				
- Funded		**(47,000)**		(40,370)
Deficit in the scheme		**(14,160)**		(10,560)

Analysis of the amount charged to income and expenditure account

	2015	2014
	£000	£000
Employer service cost (net of employee contributions)	**1,570**	1,860
Past service cost	**-**	10
Total operating charge	**1,570**	1,870

Expected return on pension scheme assets	**2,000**	1,920
Interest on pension liabilities	**(1,690)**	(1,860)
Pension finance income	**310**	60

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2015	2014
	£000	£000
Actual return less expected return on pension scheme assets	(90)	(1,440)
Actuarial gains and losses arising on the scheme liabilities	(3,500)	3,600
Actuarial (loss) / gain recognised in STRGL	**(3,590)**	2,160

History of experience gains and losses

	2015	2014
Experience gains / (losses) on assets:		
Amount (£M's)	(0.09)	(1.44)
Percentage of assets	(0.3%)	(4.8%)
Experience gains / (losses) on liabilities:		
Amount (£M's)	0.16	1.49
Percentage of the present value of the liabilities	0.3%	3.7%

Movement in deficit during year

	2015	2014
	£000	£000
Deficit in scheme at 1 August	(10,560)	(8,450)
Movement in year:		
Employer service cost (net of employee contributions)	(1,570)	(1,860)
Past service cost	-	(10)
Employer contributions	1,250	1,320
Net return on assets	310	60
Actuarial (loss) / gain	(3,590)	2,160
Net deficit on acquisition	-	(3,780)
Deficit in scheme at 31 July	**(14,160)**	(10,560)

Asset and liability reconciliation

	2015	2014
	£000	£000
Reconciliation of liabilities		
Liabilities at start of year	40,370	27,920
Current service cost	1,570	1,860
Interest cost	1,690	1,860
Employee contributions	460	470
Actuarial loss / (gain)	3,500	(3,600)
Benefits paid	(590)	(650)
Past service cost	-	10
Net increase in liabilities on acquisition	-	12,500
Liabilities at end of year	**47,000**	40,370

	2015	2014
	£000	£000
Reconciliation of assets		
Assets at start of year	**29,810**	19,470
Expected return on assets	**2,000**	1,920
Actuarial gain / (loss)	**(90)**	(1,440)
Employer contributions	**1,250**	1,320
Employee contributions	**460**	470
Benefits paid	**(590)**	(650)
Net increase in assets on acquisition	**-**	8,720
Assets at end of year	**32,840**	29,810

The expected return on scheme assets is determined by considering the expected returns on assets available on the assets underlying the current investments.

The estimated value of employer contributions for the year ending 31 July 2016 is £1,410,000 for NPTC College.

The cumulative amount of actuarial losses amounts to £500,000 (2014: £3,090,000 gain)

History of experience gains and losses

	2015	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £'000	**(90)**	(1,440)	2,180	(950)	(660)
Experience gains and losses on scheme liabilities:					
Amount £'000	**160**	1,490	(40)	(2,580)	1,540
Changes in assumptions underlying the present value of the scheme's liabilities Amount (£000)	**(3,660)**	2,110	-	-	-
Total amount recognised in STRGL:					
Amount £'000	**(3,590)**	2,160	2,140	(3,530)	880

Summary of deficits					
Market value of assets Amount £'000	**32,840**	29,810	19,470	15,490	14,660
Present value of scheme liabilities Amount £'000	**(47,000)**	(40,370)	(27,920)	(25,660)	(21,020)
Deficit Amount £'000	**(14,160)**	(10,560)	(8,450)	(10,170)	(6,360)

22 Reconciliation of operating (deficit) / surplus to net cash inflow from operating activities

	2015	2014
	£000	£000
Operating surplus / (deficit)	(560)	92
Depreciation & Amortisation	2,952	2,875
Deferred capital grants released to income	(849)	(921)
Loss on disposal of fixed assets	170	-
Pension cost less contribution	10	490
Interest payable	311	343
Interest receivable	(327)	(18)
Decrease in stock	(12)	(22)
Decrease / (increase) in debtors	2,483	(1,906)
(Decrease) / increase in creditors	(2,165)	1,477
Increase / (Decrease) in provisions	17	(25)
Net cash inflow from operating activities	2,031	2,385

23 Returns on investments and servicing of finance

	2015	2014
	£000	£000
Interest received	329	18
Interest paid	(311)	(343)
Net cash outflow from returns on investments and servicing of finance	18	(325)

24 Capital expenditure and financial investment

	2015	2014
	£000	£000
Payments to acquire tangible fixed assets	(896)	(1,181)
Net cash outflow from capital expenditure	(896)	(1,181)

25 Acquisitions and disposals

	2015	2014
	£000	£000
Settlement of deferred consideration	-	(68)
Net cash acquired with new subsidiary undertakings	-	3,146
Net cash outflow from acquisition	-	3,078

26 Financing

	2015	2014
	£000	£000
Cash inflow from new loans taken out in the year	-	-
Repayment of bank loan	(718)	(605)
Finance lease repayments	(32)	(30)
Net cash outflow from financing	(750)	(635)

27 Analysis of changes in net funds

	At 1 August 2014 £000	Cash flows £000	Non-cash movement £000	At 31 July 2015 £000
Cash in hand and at bank	7,683	403	-	8,086
Debt due within one year	(715)	718	(721)	(718)
Debt due after one year	(6,309)	-	721	(5,588)
Finance leases	(122)	32	-	(90)
Net funds	537	1,153	-	1,690

28 Capital commitments

Neither the College nor the Group were committed or contracted to any capital expenditure at the year-end (2014: nil).

29 Financial commitments

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

	2015			2014		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
	£000	£000	£000	£000	£000	£000
Expiring within one year	-	-	-	-	-	-
Expiring in two to five years	96	-	96	96	-	96
Expiring after more than five years	228	-	228	228	-	228
Total	324	-	324	324	-	324

30 Financial contingency fund

	2015	2014
	£000	£000
Balance at 1 August 2014	146	2
WG grant received	746	626
Interest earned	-	-
	892	628
Disbursed to students	(672)	(482)
Balance at 31 July 2015	220	146

WG Financial Contingency grants are available solely for students, the College acts only as a paying agent. The grants and their related disbursements are therefore excluded from the income and expenditure account.

31 Related party transactions

The Group maintains a register of its interests for all members of the Corporation and senior post-holders. The Group is not aware of any other material related party transactions that require disclosure.

32 Acquisition in 2014

On 1 August 2013, Neath Port Talbot College merged with Coleg Powys to form NPTC Group. The further education assets and liabilities of Coleg Powys were transferred under a type "B" merger to Neath Port Talbot College. Coleg Powys was dissolved as a separate entity.

The College used acquisition accounting to account for the merger, with the gain arising being credited to the statement of total recognised gains and losses as explained in the statement of accounting policies on page 26.

The assets and liabilities acquired were as follows:

	Total book value	**Fair value adjustment**	**Total fair value on acquisition**
	£000	**£000**	**£000**
Fixed assets	8,050	8,867	16,917
Stock	233	-	233
Debtors	1,025	-	1,025
Cash at bank and in hand	3,146	-	3,146
Creditors falling due within one year	(425)	(36)	(461)
Creditors falling due after more than one year	(95)	-	(95)
Provisions for liabilities	(34)	-	(34)
Deferred capital grants	(2,216)	-	(2,216)
	9,684	8,831	18,515
Net pension liability	(3,810)	30	(3,780)
	5,874	8,861	14,735
Consideration *			-
Gain arising credited to statement of total recognised gains and losses			14,735

* No monies were paid for the assets and liabilities

Notes

1. The principal fair value adjustment related to fixed assets for land and buildings in relation to the Coleg Powys Estate. This reflects the outcome of a revaluation of the Estate by Cooke & Arkwright, a qualified firm of chartered surveyors.

2. The results of Coleg Powys for the year ended 31 July 2014 cannot be identified separately.