

TRINITY COLLEGE CARMARTHEN

Consolidated Financial Statements

31 July 2008

REPORT AND FINANCIAL STATEMENTS 2008

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MEMBERS

The members who served the institution during the year were as follows:

EX OFFICIO GOVERNORS

President - The Rt Revd Carl Cooper, Lord Bishop of St David's (to 26th May 2008)

The Principal - Dr Medwin Hughes

NATIONAL SOCIETY

The Venerable A J Randolph Thomas

Mr Anthony Jenkins

ST DAVID'S DIOCESAN COUNCIL FOR EDUCATION

The Venerable Alun Evans

Canon Derek Evans

BOARD OF MISSION, CHURCH IN WALES

Revd Canon Dr Keith Denison

Mrs Penny Ryan

Dr John Walters

UNIVERSITY OF WALES

Dr Ann Rhys

ACADEMIC STAFF GOVERNORS

Rev Mrs Mary Thorley (to 28/2/08)

Sian Wyn Siencyn (from 28/2/08)

Mr Ceredig Emmanuel

NON ACADEMIC STAFF GOVERNOR

Ms Sally Wilkinson

STUDENT GOVERNOR

Mr Gareth Cole, Student President

CARMARTHENSHIRE COUNTY COUNCIL - CO-OPTED

Mr Mark James

CO-OPTED GOVERNOR

Mr Lewis Evans[

Ms Maria Jones

PROFESSIONAL ADVISERS

EXTERNAL AUDITORS

Mazars LLP
Clifton Down House
Beaufort Buildings
Clifton
Bristol
BS8 4AN

INTERNAL AUDITORS

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

BANKERS

HSBC Plc

TREASURERS' REPORT

Annual Report 2007-08

Operating and Financial Review

Scope of the Financial Statements

The accounts of Trinity College comprise the following elements:

Trinity College ("the Charity")

Trinity College, Carmarthen Foundation Limited ("the Company")

Farm Account (division of the Company)

Trinity College Library and Ancillary Services (Carmarthen) Limited

Eclectica Drindod Ltd

The Trinity College Charity incorporates the original endowment of 1848 and, as an education charity, embodies the assets of both land and buildings together with any charitable monies which have accrued to the charity.

The Company Account is the Income and Expenditure Revenue Account and is derived from public funding provided by the Higher Education Funding Council for Wales and fee income. A subsidiary of the Company is Trinity College Library and Ancillary Services (Carmarthen) Limited.

The Farm Account forms part of the Company Account, but is treated separately to produce a full and fair view of the operation of the commercial aspects of the enterprise.

For the purposes of these financial statements Trinity College Carmarthen Foundation Limited ("The Company") is treated as the holding company.

Eclectica Drindod is a private company limited by guarantee with no share capital, initiated to undertake a role that more effectively delivers Third Mission activity for Trinity College.

The consolidated group is referred to as Trinity College, Carmarthen.

Principles Underlying the Operating and Financial Review

Within the context of Wales, Trinity College has a distinct role to play within higher education. Its mission, educational character and academic portfolio attest to its strategic importance in furthering bilingualism and supporting the enhancement of the Welsh language and culture. This was recently conferred by the QAA Institutional Review when they noted as a feature of good practice the College's mission and the role of the College in addressing the needs of bilingualism. As the only denominational institution of higher education in Wales, its distinctiveness is a particularly important feature.

As a community university, the institution has been acutely aware of its role as a key agent for lifelong learning. The current strategic plan confirms the role of the institution as it develops a range of strategies to support various Welsh Assembly Government policies. In doing so, it articulates the core raison d'être of the institution as a community university institution, that makes an effective contribution to the economic, social, cultural and spiritual prosperity of Wales. As a teaching led institution underpinned by scholarship, it has developed a clear niche for itself. The confidence of the institution in its academic provision and its strategic relevance for Wales is based upon an evolving

TREASURERS' REPORT

programme of change, ever refining the purpose and significance of its educational provision. Its role within the life of Wales, as a central hub promoting the arts, education and the Welsh language, places it on a par with other specialist university and conservatoires within the sector.

The vision of Trinity is to develop a high quality, distinctive higher education provision. Both teaching and applied research will be of national significance, attracting students and staff as a result of the acknowledged expertise within subject areas. Programmes at undergraduate and postgraduate level will be responsive to and reflective of current specialist areas of cultural and professional development in west Wales. With the emergence of additional funding being made available through European Convergence Funds, the College is well placed to develop new and innovative schemes which will strengthen and reaffirm the role of the institution.

During the academic year 2007-08 the QAA came to a positive judgment on the appropriateness of the institution's application for taught degree awarding powers (TDAPS). This is seen as crucial for further strategic developments within the region, in particular the potential of ever closer strategic links with FE and secondary providers and to develop a new confederal model of learning opportunities.

Financial Health

Trinity's financial status is category 'A', defined as 'an institution with either relatively minor or no financial difficulties'.

The College is fully committed to maintaining its Category 'A' status, however there are challenges to be addressed in terms of the following:

- maintaining a sufficient level of investment in the College estate to ensure fitness for purpose and meet the increasing demands of its clients;
- maintaining a balance of staffing that is both effective and efficient to be sustainable;
- responding to the changing context in Wales in terms of the Reaching Higher – Reaching Wider Agenda;
- further diversification of income streams and
- expanding its community and part-time provision.

End of Year Position

The financial statements are produced in accordance with the new Statement of Recommended Practice (SORP) on Accounting for Further and Higher Education.

The annual financial statements of Trinity College and its subsidiary companies for the year to 31 July 2008 show a relatively sound financial position with a small operating deficit of £12,000 after another significant increase in the impact of the Financial Reporting Standard 17 Retirement Benefits (FRS 17) and total net assets of £13,994k.

TREASURERS' REPORT

Income and Expenditure

The College's Consolidated Income and Expenditure Account for 2007/08 is summarised as follows:

	2007/08	2006/07
	£k	£k
Income	14,092	12,713
Expenditure	14,104	12,804
Operating Surplus	(12.0)	(90.8)

The figures exclude disposal of assets and represent the operating position of the institution.

The increase in income (10.8%) derived from increases in HEFCW specific grants, tuition fees and research income, this despite a fall in the HEFCW recurrent grant as a result of lower student progression/ recruitment.

The increase in expenditure (10.1%) derived from the implementation of the new pay scale across the institution and increased utility charges.

Balance Sheets

The net value of the College's assets stands at £13,994k, an increase of £2.699k over the previous year. The College invested £1,057k in College infrastructure and equipment, funded in part by the HEFCW Capital Learning and Teaching Fund.

Capital investment during the year included 'Y Llwyfan' which became fully occupied in October 2007.

Investment Performance and Cash Flow

Cash balances are administered in accordance with the College's Treasury Management Policy. The College's investments are placed in 'Moneymarket' accounts.

The level of cash, cash deposits and realisable investments stood at £2,401k at the balance sheet date, an increase of £581k over the previous year. Mortgage liability stands at £1,129k with no outstanding bank loans.

Key Variances

TREASURERS' REPORT

HEFCW Grant -£497,783

Hefcw grant decreased by 6% following the removal of supplementary grant support due to the introduction of the new variable tuition fees.

Tuition Fees +£1,541,844

Tuition fee income increased by 87% following the introduction of the new variable tuition fees.

Research Grant +£144,490

Research income increased by 172% as the College was successful in gaining additional research projects.

Other Operating Income +£212,098

Other operating income increased by 6% overall but income from EU projects declined due to delays in allocating European funding to the public sector, however the College continued to increase project income from non EU sources.

Staff Costs +£899,400

Staff costs increased by 11% overall due to the implementation of the new pay scale, substantial national pay award and a 74% increase in FRS17 costs.

Other Operating Expenditure + £336,484

Other operating expenditure increased by 7% due to increased costs for funded projects, increase in utility costs, payment of bursaries and scholarships to students with the introduction of variable fees and continued investment in the college estate.

Pension Schemes

Despite increasing the FRS 17 provision by ca. £200k to £414k, the liability incurred amounted to £463k; the unpredictable nature of this liability still has had an adverse impact of the College's surplus.

Disclosure Framework

2007/08 has been a challenging and dynamic financial year. Increases in income from tuition fees have been balanced by a smaller number of students and retention of staff to maintain quality assurance during a period of restructuring resulting from Welsh Assembly policy changes to teacher training numbers. There has also been some investment in staff to deliver curriculum areas that replace the teacher training programmes. The College is becoming less reliant on HEFCW derived income (representing 49%), however further diversification of income streams remains a challenge and a prerequisite for providing the target surpluses year on year.

Two major quality assurance events occurred during this financial year. Estyn undertook an assessment of the quality and standards of initial teacher training at Trinity. The report endorsed the quality of teacher training as the highest in Wales with four Grade 1 and three Grade 2 being awarded. The assessment for Trinity's application for taught degree awarding power commenced in January 2008; the assessment period was scheduled to take a minimum of a full year. Assessors considered that sufficient evidence was gleaned by the end of July 2008 to make a positive recommendation to the QAA's Advisory Committee on Degree Awarding Powers (ACDAP).

TREASURERS' REPORT

The sale of land scheduled for completion in 2006/07 took a longer than expected time to receive planning permission. Planning permission was received in June 2008 and completion is now expected early in January 2009.

As a result of the changing external context of teacher training with the number of primary trainees being reduced by 50%, a staffing reconfiguration exercise was undertaken so that the staffing complement re-aligned with the planned student numbers.

The South West Wales Higher Education Partnership (SWWHEP) Project became fully operational. The four year, £7M project, funded in part by the Higher Education Funding Council (HEFCW), is designed to increase the level of collaboration between HEIs. Staffing levels have increased as a result, although the predicted efficiency savings may not become apparent until 2010 at project conclusion.

Key Performance Indicators

The College has a close regard to established good practice¹; and publishes a set of institutional performance indicators. The indicators are reviewed continuously and reported at Council meetings.

KPI 5: Financial Health

The College is aware of the need to increase annual surpluses in order to afford a high quality service and provision for students and to provide security for staff. A key priority activity for the 2008/09 academic year will be the current FRS 17 framework and securing additional surpluses.

The success of the College's business and the delivery of its goals are built on continuing to conduct its affairs from a platform of sound financial management.

The aims of the financial strategy are to achieve long-term financial security and match resources with College strategic objectives and to invest our resources to obtain the best return for the College in the short, medium and longer term.

The college will plan to take forward the following actions in order to achieve the aims set out above.

- *Increasing part time and flexible mode student numbers*
- *Improved balance between full and part time programmes*
- *Payroll costs to fall in real terms 2008/09*
- *Focus on controlling staff costs (<60% of total income)*

¹ Committee of University Chairmen's Report on the Monitoring of Institutional Performance, November 2006

TREASURERS' REPORT

- *Income – diversification (European, profitable consultancy and project development)*
- *Planned increase in non-HEFCW income (project development, diversification)*
- *Surplus on continuing operations = 2.5% of total income*
- *Expenditure on the estate = 3.0% of total income*
- *Introduction of a development fund from 3M*
- *Building capital assets*

Trinity's financial status is category 'A', defined as 'an institution with either relatively minor or no financial difficulties'.

The College is fully committed to maintaining its Category 'A' status, however there are challenges to be addressed in terms of the following:

- maintaining a sufficient level of investment in the College estate to ensure fitness for purpose and meet the increasing demands of its clients;
- investment in new staff to be able to delivery key WAG agendas;
- maintaining a balance of staffing that is both effective and efficient to be sustainable;
- responding to the changing context in Wales in terms of the Reaching Higher – Reaching Wider Agenda;
- further diversification of income streams and
- expanding its community and part-time provision.

Particular Matters of Disclosure

Eclectica Drindod Ltd

Eclectica has been established as a private company limited by guarantee, with no share capital.

The company has a board of directors with an independent chair. The objects of the company are to:

- support the Learning and Teaching and Third Mission activities of Trinity College;
- enhance College estate through collaborative initiatives with local and national bodies;
- develop and further the careers of graduates from Trinity College and other educational establishments, by assisting them in the creation of new and innovative enterprise activities, particularly in the cultural, community and social context;
- provide a mechanism for engaging with public bodies and voluntary organisations to initiate culturally orientated activities, education and training provision, including conferences, events, festivals and concerts and
- undertake such activity as is beneficial to the aims and activities of Trinity College Carmarthen.

TREASURERS' REPORT

Eclectica is responsible for managing 'Y Llwyfan' and will have a key role in developing the new campus and attracting appropriate partners and clients to ensure viability and sustainability.

Trinity's Employees

The College is explicit in its commitment to further best practice in corporate governance and establish effective structures to support human capital within the institution. It aims to recruit, retain and develop staff that are well-informed and enjoy high morale, job satisfaction and a culture of commitment and engagement with the College's mission whilst meeting the needs of a changing institution and a changing curriculum. The College already possesses IIP and has an outstanding record on staff development.

Environmental Impact

The College is a pro-active member of the South West Wales Higher Education Partnership and has implemented a series of measures to minimise the College's adverse impact on the environment.

Key elements of this activity include:

- Monitoring utility usages
- Operating an environmentally friendly and approved waste management system
- Implementing an environmental management system (ISO 14001).
- Developing an environmental policy.
- Develop and implement a travel plan.
- Establish an environmental committee / forum.
- Meeting sustainability pledge targets.

Risks and Uncertainties

The process of risk management has now been fully integrated with strategic planning. Institutional risks and contingencies are identified at the beginning of the academic year. The consultation process for defining the strategic plan has incorporated an identification of key risks in academic and support areas. These have then been incorporated in the College risk register and approved by audit committee. The process has been fully evaluated and become a formal part of the institutional planning process.

This risk and contingency management policy forms part of the Trinity College's internal control and corporate governance arrangements. The policy explains the institution's underlying approach to risk management, documents the roles and responsibilities of the board of governors, the senior management team, and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures. In addition, it describes the process the board of governors will use to evaluate the effectiveness of the institution's internal control procedures. A contingency element has been included in the risk register to address potential, major incidents or issues that although unlikely, could create severe difficulties for the institution.

The principal risks are identified as:

TREASURERS' REPORT

- Loss of institutional character and integrity
- Failure to attract students
- Failure to gain degree Awarding Powers
- Lack of compliance
- Loss of capacity to deliver the College's Mission

Conclusion

The financial challenges of 2007/08 are likely to continue into 2008/09 given the dynamic changes in economic stability and the level of investment of human resources needed to meet the new university agenda. Previous investment made in the estate and additional human capital has paid clear dividends in terms of institutional development to date; the College is comparatively well placed to meet its future challenges.

Brian Clarke

Director

11th December 2008

CORPORATE GOVERNANCE STATEMENT

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

The College's Governing Body, the College Council, comprises lay members, employees and a student representative. The roles of Chairman and Vice-Chairman of the Governing Body are separated from the role of the College's Chief Executive, the Principal. The matters specially reserved to the Council for decision are set out in the Articles of Government of the College, by custom and under the Financial Memorandum with the Higher Education Funding Council for Wales. The Governing Body holds the responsibilities for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary company.

The College Council considers that, throughout the year ended 31 July 2008, the College has been in compliance with all the provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to Colleges. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 1998.

The College Council is of the view that appropriate processes are applied for identifying, evaluating and managing the significant risks which relate to the institution, and that these processes are being continually refined and developed in terms of their scope and sensitivity. The overall processes are designed to manage rather than eliminate the risk of failure to achieve business objectives and it is recognised that they can provide reasonable but not absolute assurances.

The approach to risk management includes the systematic identification of key risks and of appropriate institutional responses to these, with continual review arrangements also being in place. A multi-disciplinary group meets at least once a term to review the overall approach to risk management and to allow a wide range of perspectives across the College to contribute directly to the identification and review of risk areas. The risk register is reviewed regularly by the senior management team and reported to the College Council.

The full Governing Body normally meets on three occasions during an annual cycle and has several Committees, including a Finance and Strategic Planning Committee, a Human Resources Committee, a Corporate Governance and Nominations Committee, an Estates and Network Services Committee, a Senior Staff Remuneration Committee and an Audit Committee. All of these committees are formally constituted with terms of reference.

In respect of its strategic and development responsibilities, the Governing Body receives recommendations and advice from the Finance and Strategic Planning Committee and from the Academic Board, a committee of academic staff members chaired by the Principal which is responsible for the College's academic affairs.

The Finance and Strategic Planning Committee inter alia recommends to the Governing Body the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets.

The Human Resources Committee addresses strategic matters relating to human resources, and takes an overview of policies and procedures relating to staffing.

The Corporate governance and Nominations Committee considers nominations for co-opted vacancies in the Governing Body membership. A majority of lay members is appointed by external bodies, being eligible for re-appointment by the relevant bodies when they retire by rotation.

The Estates and Network Services Committee advises the Governing Body on strategic and operational matters relating to the residential and academic estate.

The Senior Staff Remuneration Committee determines the remuneration of the most senior staff, including the Principal.

CORPORATE GOVERNANCE STATEMENT (continued)

The Audit Committee meets at least three times a year with the College's internal auditors and external auditors in attendance, as appropriate. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. It also receives and considers reports from the Welsh Funding Council's Audit Service as they affect the College's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and, as a matter of course, the Committee meets the internal and external auditors on their own for independent discussions.

STATEMENT OF RESPONSIBILITIES OF MEMBERS OF THE INSTITUTION

In accordance with the College's Articles of Government, the Governing Body is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the College's Articles of Government, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for Wales and the College's Governing Body, the Governing Body, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for Wales are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

**STATEMENT OF RESPONSIBILITIES OF MEMBERS OF THE INSTITUTION
(continued)**

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks, and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance and Strategic Planning Committee;
- a professional internal audit team whose annual programme is approved by the Audit Committee and endorsed by the Governing Body and whose head provides the Governing Body with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

It is recognised that any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TRINITY COLLEGE, CARMARTHEN**

We have audited the financial statements for the year ended 31 July 2008 which comprise the consolidated income and expenditure account, the consolidated balance sheet, the College's balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective Responsibilities of members and Auditors

As described in the Statement of Corporate Governance, the Governing body is responsible for the preparation of financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for Wales, the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, International Standards of Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for Wales.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions. We also report to you whether in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the College's statutes and where appropriate with the Financial Memorandum dated June 2000 with the Higher Education Funding Council for Wales.

We also report to you if, in our opinion, the College has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Report of the Treasurer and the Statement of Corporate Governance. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for Wales. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TRINITY COLLEGE, CARMARTHEN(continued)**

Opinion

In our opinion:

- 1) the financial statements give a true and fair view of the state of affairs of the College and the group at 31 July 2008, and of the group's surplus of income over expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions;
- 2) in all material respects, income from the Higher Education Funding Council for Wales, grants and income for specific purposes and from other restricted funds administered by the College have been applied for the purposes for which they were received;
- 3) in all material respects, income has been applied in accordance with the College's statutes and where appropriate in accordance with the Financial Memorandum dated June 2000 with the Higher Education Funding Council for Wales covering the period 1 August 2007 to 31 July 2008.

Mazars LLP

Chartered Accountants

and Registered Auditors

Bristol

Date 16th January 2009

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2008

	Note	2008	2007
		£	£
INCOME			
Funding Council Grants	2	6,918,899	7,416,682
Tuition fees	3	3,298,605	1,756,761
Research Grants and Contracts	4	228,800	84,310
Other operating income	5	3,553,991	3,341,893
Investment income	6	91,979	114,037
		<u>14,092,274</u>	<u>12,713,683</u>
EXPENDITURE			
Staff costs	7	8,705,287	7,805,887
Other operating costs	8	4,572,557	4,236,073
Depreciation		709,698	639,898
Interest payable	9	116,792	122,708
		<u>14,104,334</u>	<u>12,804,566</u>
(Deficit)/Surplus on continuing operations after depreciation of assets and before tax		(12,060)	(90,883)
Realised gain	10	2,500,000	57,939
Taxation	11	<u>2,487,940</u>	<u>(32,944)</u>
(Deficit)/Surplus on continuing operations after depreciation of assets, disposal of assets and tax		<u>2,487,940</u>	<u>(32,944)</u>

The income and expenditure account is in respect of continuing activities.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2008

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 July 2008

	2008	2007
	£	£
(Deficit)/Surplus on continuing operations after depreciation of assets, disposal of assets and tax	2,487,940	(32,944)
Actuarial gain(loss) on Pension Scheme	(2,606,000)	62,000
Movement in special fund	4,099	2,002
	<u>(113,961)</u>	<u>31,058</u>
Total recognised gains and losses related to the year	<u>(113,961)</u>	<u>31,058</u>
RECONCILIATION		
Opening reserves and special funds as restated	4,196,500	4,165,442
Contributions received		
Total recognised gains and losses for the year	<u>(113,961)</u>	<u>31,058</u>
Closing reserves and special funds	<u>4,082,539</u>	<u>4,196,500</u>

BALANCE SHEETS
31 July 2008

	Note	Trinity College, Carmarthen			
		Consolidated		Foundation Limited	
		2008	2007	2008	2007
		£	£	£	£
FIXED ASSETS					
Tangible assets	12	11,605,886	11,258,369	1,871,070	1,904,737
Works of art	13	36,046	36,046	-	-
Investments	14	105	105	1,100	1,100
		<u>11,642,037</u>	<u>11,294,520</u>	<u>1,872,170</u>	<u>1,905,837</u>
CURRENT ASSETS					
Stocks	15	42,596	53,871	42,596	53,870
Debtors	16	3,881,544	706,477	8,287,861	7,559,526
Short-term deposits		581,677	522,450	-	-
Cash at bank and in hand		1,819,248	749,659	956,711	1,711
		<u>6,325,065</u>	<u>2,032,457</u>	<u>9,287,861</u>	<u>7,615,107</u>
CREDITORS: amounts falling due within one year	17	<u>(3,972,828)</u>	<u>(2,031,602)</u>	<u>(6,414,309)</u>	<u>(4,843,830)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,352,237</u>	<u>855</u>	<u>2,872,861</u>	<u>2,771,277</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,994,274	11,295,375	4,745,029	4,677,114
CREDITORS: amounts falling due after more than one year	18	(1,548,431)	(1,777,633)	(1,548,431)	(1,777,633)
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(1,412,798)</u>	<u>(1,317,862)</u>	<u>(1,412,798)</u>	<u>(1,317,862)</u>
		11,033,045	8,199,880	1,783,800	1,581,619
SPECIAL FUND BANK DEPOSITS	21	<u>107,014</u>	<u>102,915</u>	<u>-</u>	<u>-</u>
NET ASSETS EXCLUDING PENSION LIABILITY		11,140,059	8,302,795	1,754,353	1,581,619
Pension Liability		<u>(4,141,000)</u>	<u>(1,276,000)</u>	<u>(4,141,000)</u>	<u>(1,276,000)</u>
		<u><u>6,999,059</u></u>	<u><u>7,026,795</u></u>	<u><u>(2,357,200)</u></u>	<u><u>305,619</u></u>

BALANCE SHEETS
31 July 2008

(Continued)

Deferred capital grants	20	2,916,520	2,830,295	379,116	461,408
Special funds	21	107,014	102,915	-	-
RESERVES					
Farm capital account	22	35,893	35,893	-	-
Accumulated fund	23	3,930,762	4,048,822	(2,736,316)	(155,789)
Higher Education Funding Council for Wales	24	8,870	8,870	-	-
TOTAL RESERVES		<u>3,975,525</u>	<u>4,093,585</u>	<u>(2,736,316)</u>	<u>(155,789)</u>
		<u>6,999,059</u>	<u>7,026,795</u>	<u>(2,357,200)</u>	<u>305,619</u>

These financial statements were approved by the governors on 11th December 2008

Dr M Hughes - Principal

The Venerable A J Randolph Thomas- Chairman

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	25	(386,254)	335,765
Returns on investments and servicing of finance	26	(24,813)	(8,635)
Capital expenditure and financial investment	27	1,768,804	(3,086,492)
Management of liquid resources	28	59,277	(2,516,849)
		<hr/>	<hr/>
Net cash inflow before financing		1,417,014	(5,276,211)
Financing activities	29,31	(203,922)	(204,990)
		<hr/>	<hr/>
Increase in cash in the year	30,31	<u>1,213,092</u>	<u>(5,481,201)</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

1. ACCOUNTING POLICIES

Strategic plan

The HEFCW requested the preparation of a five-year strategic plan covering the period 2007/2008 to 2010/2011.

The governors have reviewed the forecasts and consider that, at the time of approval of the financial statements, there is no significant concern that the College will be unable to operate within its current bank and funding facilities for the foreseeable future.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with both the Statement of Recommended Practice Accounting for Further and Higher Education Institutions, and applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the College, the Foundation, the Library and the Farm. Intra entity transactions and balances are eliminated fully on consolidation.

Recognition of income

Income from contracts and services is included to the extent of the completion of the contract or services concerned. Income in respect of capital items is deferred and amortised over the same period as the assets to which they relate.

Fixed assets

Prior to 1 April 1992, fixed assets were written off on acquisition. From 1 April 1992, items costing over £1,000 were capitalised and depreciated. This limit was raised to £5,000 from 1 August 1995.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents the invoiced price of stocks.

Depreciation

Depreciation is provided on a straight line basis, so as to write off the cost of fixed assets over the expected useful economic lives of the assets. The specific rates applied are as follows:

i)	Freehold land	nil
ii)	Buildings	2-4%
iii)	Motor Vehicles	25%
iv)	Equipment, fixtures and fittings	10-33 1/3%

Investments

Investments are stated at cost less provision for any impairment.

Works of art

Works of art are stated at cost less provision for any impairment.

Pensions

College academic staff are members of the Teachers' Pension Agency. The College contributed 13.5% of academic employees' gross pay until December 2007 and 14.1% thereafter. Employees' own contributions to this scheme are deducted from their salaries and paid over to the fund by the College. Administrative non-academic staff are members of the Dyfed Pension Fund. The College contributed 11.3% of their gross pay until March 2007 and 11% thereafter. Contributions to the scheme are charged to the income and expenditure account 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. Pension payments are made by the College to staff who have taken early retirement. Full provision for the expected costs of such payments is made in the year of retirement.

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

1. ACCOUNTING POLICIES (continued)

Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Taxation

As an exempt charity, the College benefits by being broadly exempt from corporation tax on income it receives from tuition fees, interest and rents.

Access funds

Funding Council grants are available solely for students. The College acts only as paying agents. The grants and related disbursements are therefore excluded from the income and expenditure account.

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

	2008	2007
	£	£
2. FUNDING COUNCIL GRANTS		
HEFCW Recurrent Grants	5,596,360	6,276,926
HEFCW Specific Grants	994,796	843,957
Release from Deferred Grants	237,745	246,513
FEFCW Recurrent grants	89,998	49,286
	<u>6,918,899</u>	<u>7,416,682</u>
3. TUITION FEES		
Full Time Students(UK and EU)	3,051,884	1,532,596
Full Time Students(Non EU)	103,308	98,988
Part Time Students	143,413	125,177
	<u>3,298,605</u>	<u>1,756,761</u>
4. RESEARCH GRANTS AND CONTRACTS		
Research Councils	220,279	35,017
UK Based Charities	8,521	49,293
European Commission	-	-
Other Grants and Contracts	-	-
	<u>228,800</u>	<u>84,310</u>
5. OTHER OPERATING INCOME		
Catering and residence operations	2,123,696	2,021,221
EU Grants	129,135	331,377
Other income generating activities	1,301,160	989,295
	<u>3,553,991</u>	<u>3,341,893</u>
6. INVESTMENT INCOME		
Bank and other interest received	<u>91,979</u>	<u>114,037</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

7. STAFF NUMBERS AND COSTS

	2008	2007
	No.	No.
The average weekly number of persons employed by the College during the year was		
Teaching departments	150	143
Teaching support services	16	17
Other support services	13	12
Administration and central services	86	81
Premises	21	21
Catering and residence	51	58
	<u>337</u>	<u>332</u>
	2008	2007
	£	£
Staff costs for the above persons		
Teaching departments	4,312,946	4,198,192
Teaching support services	235,118	221,368
Other teaching support services	305,920	265,696
Administration and central services	2,411,818	1,916,532
Premises	455,230	438,489
Catering and residence	499,960	495,578
Redundancy costs	20,678	4,259
Pension Interest	204,617	117,773
Current Service charge	408,000	410,000
Past service/Curtailments/Settlement gains	109,000	-
Contributions received under FRS17	(279,000)	(265,000)
Pension Interest	21,000	3,000
	<u>8,705,287</u>	<u>7,805,887</u>
Wages and salaries	6,967,368	6,385,355
Social security costs	537,517	500,002
Other pension costs	1,179,724	916,271
Redundancy costs	20,678	4,259
	<u>8,705,287</u>	<u>7,805,887</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

7. STAFF NUMBERS AND COSTS (continued)

Remuneration of other higher paid staff, excluding employer's pension contributions:

	2008	2007
	No.	No.
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	-	-
£130,000 and above	-	-

The emoluments of the Principal, who is also the highest paid senior post-holder, were as follows:

	2008	2007
	£	£
Salary	116,973	109,806
Benefits in kind	13,051	11,061
	<u>130,024</u>	<u>120,867</u>
Pension contributions	<u>18,695</u>	<u>16,741</u>

8. OTHER OPERATING COSTS

	2008	2007
	£	£
Teaching departments	1,045,306	843,338
Teaching support services	146,116	156,678
Other teaching support services	61,282	78,191
Administration and central services	1,685,361	1,495,488
Premises	873,375	778,951
Catering and residences	720,195	847,068
Auditors remuneration - External	20,922	18,183
Auditors remuneration - Internal	20,000	18,176
Auditors remuneration - other	-	-
	<u>4,572,557</u>	<u>4,236,073</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

9. INTEREST PAYABLE

	2008	2007
	£	£
On bank loans, overdrafts and other loans Repayable in more than five years	116,792	122,708
	<u> </u>	<u> </u>

10. SURPLUS ON CONTINUING OPERATIONS BEFORE TAX

	2008	2007
	£	£
The surplus on continuing operations before tax is after charging		
Depreciation - owned assets	709,698	639,898
Auditors' remuneration		
- external audit	20,922	18,183
- internal audit	20,000	18,176
- other services by external auditors	-	-
	<u> </u>	<u> </u>

11. TAXATION

The members do not believe the College was liable for any corporation tax arising out of the activities during the year.

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

12. TANGIBLE FIXED ASSETS

Consolidated	Motor vehicles	Equipment, fixtures and fittings	Freehold land and buildings	Total
	£	£	£	£
Cost				
At 1 August 2007	117,424	3,511,436	14,175,148	17,804,008
Additions in the year	10,575	328,114	718,527	1,057,216
Assets under construction				
Disposals in the year	(64,734)	(82,947)	-	(147,681)
	<u>63,265</u>	<u>3,756,603</u>	<u>14,893,675</u>	<u>18,713,543</u>
At 31 July 2008	63,265	3,756,603	14,893,675	18,713,543
Accumulated depreciation				
At 1 August 2007	106,501	3,084,218	3,354,920	6,545,639
Charge for the year	6,919	356,223	346,557	709,699
Removed in the year	(64,734)	(82,947)	-	(147,681)
	<u>48,686</u>	<u>3,357,494</u>	<u>3,701,477</u>	<u>7,107,657</u>
At 31 July 2008	48,686	3,357,494	3,701,477	7,107,657
Net book value				
At 31 July 2008	<u>14,579</u>	<u>399,109</u>	<u>11,192,198</u>	<u>11,605,886</u>
At 31 July 2007	<u>10,923</u>	<u>427,218</u>	<u>10,820,228</u>	<u>11,258,369</u>
Trinity College, Carmarthen Foundation Limited				
Cost				
At 1 August 2007	117,424	2,871,469	1,747,415	4,736,308
Additions in the year	10,575	187,710	171,244	369,529
Disposals in the year	(64,734)	(82,947)	-	(147,681)
Transfers	-	-	-	-
	<u>63,265</u>	<u>2,976,232</u>	<u>1,918,659</u>	<u>4,958,156</u>
At 31 July 2008	63,265	2,976,232	1,918,659	4,958,156
Accumulated depreciation				
At 1 August 2007	106,501	2,447,919	277,151	2,831,571
Charge for the year	6,919	314,258	82,019	403,196
Removed in the year	(64,734)	(82,947)	-	(147,681)
	<u>48,686</u>	<u>2,679,230</u>	<u>359,170</u>	<u>3,087,086</u>
At 31 July 2008	48,686	2,679,230	359,170	3,087,086
Net book value				
At 31 July 2008	<u>14,579</u>	<u>297,002</u>	<u>1,559,489</u>	<u>1,871,070</u>
At 31 July 2007	<u>10,923</u>	<u>423,550</u>	<u>1,470,264</u>	<u>1,904,730</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

13. WORKS OF ART

	Consolidated
	£
Cost	
At 1 August 2007	36,046
Additions	-
	<hr/>
Balance at 31 July 2008	36,046
	<hr/> <hr/>

Cost brought forward represents expenditure incurred from 1 April 1981. There were no material costs incurred prior to that date.

14. INVESTMENTS

	Consolidated		Trinity College Carmarthen Foundation Limited	
	2008	2007	2008	2007
	£	£	£	£
1,000 ordinary £1 shares – Trinity College Library and Ancillary Services (Carmarthen) Limited			1,000	1,000
Carmarthen Farmers Limited – 20 ordinary shares of 25p (unlisted)	5	5	-	-
100 ordinary £1 shares – Welsh Networking Limited	100	100	100	100
	<hr/>	<hr/>	<hr/>	<hr/>
	105	105	1,100	1,100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Trinity College Library and Ancillary Services (Carmarthen) Limited is a wholly owned subsidiary of Trinity College Carmarthen Foundation Limited.

15. STOCKS

	Consolidated		Trinity College Carmarthen Foundation Limited	
	2008	2007	2008	2007
	£	£	£	£
Stocks and Stores	42,596	53,871	42,596	53,870
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

16. DEBTORS

	Consolidated		Trinity College Carmarthen Foundation Limited	
	2008	2007	2008	2007
	£	£	£	£
DUE WITHIN ONE YEAR				
Debtors for goods and services	982,816	401,872	2,819,735	2,241,569
Trinity College Library and Ancillary Services (Carmarthen) Limited	-	-	1,257,463	1,177,038
Other debtors	2,502,926	3,784	-	-
Prepaid expenditure	395,802	300,821	359,981	290,237
	<u>3,881,544</u>	<u>706,477</u>	<u>4,437,179</u>	<u>3,708,844</u>
DUE AFTER ONE YEAR				
Trinity College	-	-	3,850,682	3,850,682
	<u>3,881,544</u>	<u>706,477</u>	<u>8,287,861</u>	<u>7,559,526</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Trinity College, Carmarthen Foundation Limited	
	2008	2007	2008	2007
	£	£	£	£
Bank overdraft	300,761	321,570	300,761	321,570
Bank loan (note 17)	231,711	206,432	231,711	206,432
Creditors for goods and services	1,790,794	904,770	1,168,398	818,711
Student indemnity bonds	18,975	1,090	18,975	1,090
Other creditors including tax and social security	363,960	241,390	363,960	259,287
Trinity College Carmarthen	-	-	35,802	96,329
Trinity College Library and Ancillary Services (Carmarthen) Limited	-	-	3,156,170	2,783,881
Accruals and deferred income	1,266,627	356,350	1,138,532	356,530
	<u>3,972,828</u>	<u>2,031,602</u>	<u>6,414,309</u>	<u>4,843,830</u>

The bank overdraft is secured by a fixed and floating charge on the assets of the company.

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Trinity College, Carmarthen Foundation Limited And Consolidated	
	2008	2007
	£	£
Bank loan	1,548,431	1,777,633

The bank loan was entered into by Trinity College, Carmarthen Foundation Limited.

The loan is repayable on demand but it is intended that it will be repayable over a term of 7 years and 11 months from the first drawing. Interest is charged at the rate of 0.75% over the bank's base rate.

The loan is secured by a fixed and floating charge including a legal charge on student accommodation blocks owned by Trinity College.

The bank loan is repayable as follows:

	Trinity College, Carmarthen Foundation Limited And Consolidated	
	2008	2007
	£	£
Due		
Within one year	231,711	206,432
After one year		
One to two years	245,035	224,215
Two to five years	822,928	760,286
After five years	480,468	793,132
	<u>1,548,431</u>	<u>1,777,633</u>
Total	<u>1,780,142</u>	<u>1,984,065</u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Trinity College, Carmarthen Foundation Limited and Consolidated	
	2008	2007
	£	£
Pension provision	1,412,798	1,317,862
Pensions		
Balance at 1 August	1,317,862	1,308,590
Payments in year	(109,681)	(108,501)
Charge for the year	204,617	117,773
Balance at 31 July	1,412,798	1,317,862

20. DEFERRED CAPITAL GRANTS

CONSOLIDATED	Hefcw	Other grants	Total
	£	£	£
At 1 August			
Land and buildings	2,524,965	77,888	2,602,853
Equipment	227,442	-	227,442
Grants capitalised in year			
Land and buildings	65,698	250,000	315,698
Equipment	15,322	-	15,322
Repayable in year			
Released to income and expenditure account			
Land and buildings	13,749	7,050	20,799
Equipment	223,996	-	223,996
Repayable in year			
At 31 July			
Land and buildings	2,576,914	320,838	2,897,752
Equipment	18,768	-	18,768

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

20. DEFERRED CAPITAL GRANTS (continued)

TRINITY COLLEGE, CARMARTHEN FOUNDATION LIMITED	Hefcw	Other grants	Total
	£	£	£
At 1 August			
Land and buildings	156,078	77,888	233,966
Equipment	227,442		227,442
Grants capitalised in year			
Land and buildings	65,698	-	65,698
Equipment	15,322	-	15,322
Released to income and expenditure account			
Land and buildings	13,749	2,050	15,799
Equipment	147,513	-	147,513
At 31 July			
Land and buildings	208,027	75,838	283,865
Equipment	95,251	-	95,251

21. SPECIAL FUNDS

Special funds comprise legacy, bursary, memorial and appeal funds for specific purposes. The movement of the total funds in the year was as follows:

	Consolidated	
	2008	2007
	£	£
Total		
Balance at 1 August	102,915	100,914
Income for year	5,029	4,183
Awards and payments	(930)	(2,182)
Balance at 31 July	107,014	102,915
Students' Amenities Fund (Legacy from W J Roberts deceased)		
Balance at 1 August	1,617	1,540
Interest credited	93	77
Balance at 31 July	1,710	1,617

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

21. SPECIAL FUNDS (continued)

	Consolidated	
	2008	2007
	£	£
Sports Bursaries Fund		
Balance at 1 August	12,046	11,520
Interest credited	697	576
Payments	(50)	(50)
	<u>12,693</u>	<u>12,046</u>
Balance at 31 July	<u><u>12,693</u></u>	<u><u>12,046</u></u>
Education Bursaries Fund		
Balance at 1 August	13,348	13,236
Interest credited	772	662
Payments	(450)	(550)
	<u>13,670</u>	<u>13,348</u>
Balance at 31 July	<u><u>13,670</u></u>	<u><u>13,348</u></u>
Gwobr Goffa Griffidd Jones Fund		
Balance at 1 August	3,276	3,120
Interest credited	189	156
	<u>3,465</u>	<u>3,276</u>
Balance at 31 July	<u><u>3,465</u></u>	<u><u>3,276</u></u>
Chancellor Elwyn Ll. Thomas Bursary		
Balance at 1 August	1,205	1,186
Interest credited	70	59
Payments	(40)	(40)
	<u>1,235</u>	<u>1,205</u>
Balance at 31 July	<u><u>1,235</u></u>	<u><u>1,205</u></u>
Stuart Burrows Music Scholarship		
Balance at 1 August	8,371	8,163
Interest credited	484	408
Payments	(200)	(200)
	<u>8,655</u>	<u>8,371</u>
Balance at 31 July	<u><u>8,655</u></u>	<u><u>8,371</u></u>
D D Rees Memorial Fund		
Balance at 1 August	2,514	2,471
Interest credited	146	123
Payments	(100)	(80)
	<u>2,560</u>	<u>2,514</u>
Balance at 31 July	<u><u>2,560</u></u>	<u><u>2,514</u></u>
Theology Centre Appeal		
Balance at 1 August	2,711	2,711
Received	-	-
	<u>2,711</u>	<u>2,711</u>
Balance at 31 July	<u><u>2,711</u></u>	<u><u>2,711</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

21. SPECIAL FUNDS (continued)

	Consolidated	
	2008	2007
	£	£
Gwobr Tudor Bevan Fund		
Balance at 1 August	1,252	1,230
Interest credited	73	62
Payments	(40)	(40)
	<u>1,285</u>	<u>1,252</u>
Balance at 31 July	<u><u>1,285</u></u>	<u><u>1,252</u></u>
J E Mock Bursary Fund		
Balance at 1 August	2,282	2,221
Interest credited	134	111
Payments	(50)	(50)
	<u>2,366</u>	<u>2,282</u>
Balance at 31 July	<u><u>2,366</u></u>	<u><u>2,282</u></u>
A Bonner Steel Fund		
Balance at 1 August	23,987	22,893
Interest credited	1,385	1,144
Payments	-	(50)
	<u>25,372</u>	<u>23,987</u>
Balance at 31 July	<u><u>25,372</u></u>	<u><u>23,987</u></u>
150th Anniversary Appeal		
Balance at 1 August	30,306	30,623
Received	25	25
Interest credited	961	780
Payments	-	(1,122)
	<u>31,292</u>	<u>30,306</u>
Balance at 31 July	<u><u>31,292</u></u>	<u><u>30,306</u></u>
TOTAL FUNDS	<u><u>107,014</u></u>	<u><u>102,915</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

22. FARM CAPITAL ACCOUNT

	Consolidated
	£
Balance at 1 August and 31 July	35,893

23. ACCUMULATED FUND

	Consolidated		Trinity College, Carmarthen Foundation Limited	
	2008	2007	2008	2007
	£	£	£	£
Balance brought forward	4,048,822	4,019,766	(155,789)	(31,388)
Net (deficit)/ surplus for the year	(118,060)	29,056	(2,580,527)	(124,401)
Surplus carried forward	3,930,762	4,048,822	(2,736,316)	(155,789)

24. HIGHER EDUCATION FUNDING COUNCIL FOR WALES

	Consolidated	
	2008	2007
	£	£
Capital sum received to eliminate bank overdraft	8,870	8,870

The capital sum represents the permanent capital of the farm attributable to the Higher Education Funding Council for Wales.

25. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2008	2007
	£	£
Surplus for the year	2,487,943	(32,944)
Increase in provision for pensions	94,936	9,272
Depreciation	709,699	639,898
Amortisation of grants	(239,795)	(248,563)
Profit on disposal of assets	(2,500,000)	-
(Increase)/ Decrease in stocks	11,275	(5,504)
(Increase)/Decrease in debtors	(3,175,067)	(17,406)
Increase in creditors	1,940,942	(165,659)
Interest paid	116,792	122,708
Interest received	(91,979)	(114,037)
FRS 17 Adjustment	259,000	148,000
Net cash inflow from operating activities	(386,254)	335,765

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

26. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2008	2007
	£	£
Interest paid	(116,792)	(122,708)
Interest received	91,979	114,073
	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance	<u>(24,813)</u>	<u>(8,635)</u>

27. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2008	2007
	£	£
Purchase of tangible fixed assets	(1,057,216)	(3,364,770)
Capital grants received	326,020	278,278
Cash received on disposal	2,500,000	-
	<u> </u>	<u> </u>
Net cash outflow from capital expenditure and financial investment	<u>1,768,804</u>	<u>(3,086,492)</u>

28. MANAGEMENT OF LIQUID RESOURCES

	2008	2007
	£	£
Movement in short-term deposits	59,277	(2,516,849)
	<u> </u>	<u> </u>

29. FINANCING

	2008	2007
	£	£
Loan repayments	(203,922)	(204,990)
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

30. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007
	£	£
Increase/ (Decrease) in cash	1,213,092	(5,481,201)
Cash flow from movement in short-term deposits	(59,277)	2,516,849
Cash flow from increase in debt	203,922	204,990
	<u>1,357,737</u>	<u>(2,759,362)</u>
Decrease in net debt	1,357,737	(2,759,362)
Net debt at 1 August	(930,611)	1,828,751
	<u>(930,611)</u>	<u>1,828,751</u>
Net debt at 31 July	<u>427,126</u>	<u>(930,611)</u>

31. ANALYSIS OF NET DEBT

	31 July	Change	31 July
	2007	in year	2008
	£	£	£
Consolidated			
Cash at bank and in hand	852,574	1,073,688	1,926,262
Bank overdraft	(321,570)	20,899	(300,671)
	<u>531,004</u>	<u>1,094,587</u>	<u>1,625,591</u>
Short-term deposits	522,450	59,227	581,677
Bank loan	(1,984,065)	203,923	(1,780,142)
	<u>(930,611)</u>	<u>1,357,737</u>	<u>427,126</u>

32. FINANCIAL COMMITMENTS

At 31 July 2008, the group had annual commitments under non-cancellable operating leases as follows:

	Consolidated		Company	
	2008	2007	2008	2007
	£	£	£	£
In One Year or less	3,993	14,274	1,876	14,274
Between Two and Five Years	50,499	45,542	49,060	41,986
In Five Years or More	-	-	-	-
	<u>54,492</u>	<u>59,816</u>	<u>50,936</u>	<u>56,260</u>

The College has given a guarantee of £24,120 in favour of United News & Media plc/HTV plc.

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

33. FINANCIAL CONTINGENCY FUNDS

	2008	2007
	£	£
Unspent at 1 August	16,928	22,630
Funding Council grants	113,885	90,616
Interest earned	13,006	1,939
	<u>143,819</u>	<u>115,185</u>
Disbursed to students	(90,301)	(98,257)
	<u>53,518</u>	<u>16,928</u>
Balance unspent at 31 July	<u><u>53,518</u></u>	<u><u>16,928</u></u>

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

During the 2007/2008 academic year, the College received £113,885 (2006/2007 - £90,616) from NAW as earmarked financial contingency funds. The funds were administered in accordance with the terms and conditions specified by the Assembly. At 31 July 2008, the College held £53,518 (31 July 2007 - £16,928) of funds not distributed.

34. PGCE INCENTIVE SALARIES

	2008	2007
	£	£
Incentives received	437,150	455,400
Disbursed to students	(437,150)	(455,400)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

PGCE incentive salaries are available for PGCE students. The College acts only as paying agents. The incentives and related disbursements are therefore excluded from the income and expenditure account.

During the year, the College received £437,150 (2007 - £455,400) from the National Assembly for Wales as earmarked PGCE incentives. The funds were administered in accordance with the terms and conditions specified by the Council. All incentives were paid out in the year.

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

35. PENSION SCHEMES

There are three pension schemes in operation via the College for its staff: the Teachers' Pension Scheme and Universities Superannuation Scheme for academic staff, and the Dyfed Pension Fund (LGSS) for support staff.

LGSS

A full actuarial valuation of the scheme was carried out as at 31 March 2007 and updated to 31 July 2008 by a qualified independent actuary. The major assumptions used by the actuary were:

	2008	2007	2006
	%	%	%
Rate of increase in salaries	5.55	4.95	4.75
Rate of increase in pensions	3.8	3.2	3.0
Discount rate	5.9	5.8	5.1
Rate of inflation	3.8	3.2	3.0

At the last actuarial valuation date, the market value of the assets of the scheme was £7,750,000 and the present value of the scheme liabilities was £11,891,000.

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

35. PENSION SCHEMES (continued)

Fair value of assets and expected rates of return as at 31 July 2008, 31 July 2007 and 31 July 2006 were:

	Long-term expected return at 31 July 2008	Fair value at 31 July 2008 £'000	Long-term expected return at 31 July 2007	Fair value at 31 July 2007 £'000	Long-term expected return at 31 July 2006	Fair value at 31 July 2006 £'000
Equities	7.5%	5,230	7.5%	5,406	7.0%	4,839
Government Bonds	4.8%	1,256	4.9%	1,165	4.4%	1,071
Other Bonds	5.9%	1,163	5.8%	1,141	5.1%	1,07
Property	-	-	6.5%	-	6.0%	78
Other	5.0%	101	5.75%	1587	4.5%	50
		<hr/>		<hr/>		<hr/>
Total market value of assets		7,750		7,869		7,095
Present value scheme liabilities		(11,891)		(9,160)		(8,299)
		<hr/>		<hr/>		<hr/>
(Deficit)/surplus in scheme		(4,141)		(1,291)		(1,204)
		<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>

Analysis of amount charged to operating profit

	For year to 31 July 2008 £'000	For year to 31 July 2007 £'000
Current service cost	408	410
	<hr/>	<hr/>
Total operating charge	408	410
	<hr/> <hr/>	<hr/> <hr/>
	For year to 31 July 2008 £'000	For year to 31 July 2007 £'000
Expected return on assets	522	430
Interest on pension liabilities	(543)	(434)
	<hr/>	<hr/>
Net finance return	(21)	(4)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS
Year ended 31 July 2008

35. PENSION SCHEMES (continued)

Movement in scheme deficit during the year

	For year to 31 July 2008 £'000	For year to 31 July 2007 £'000
(Deficit)/surplus in scheme at beginning of the year	(1,291)	(1,204)
Movement in year		
Current service cost	(408)	(410)
Contributions paid by the employer	279	265
Past Service/Curtailment/Settlement Gain	(109)	-
Net return	(21)	(4)
Actuarial gain(loss)	(2,591)	62
	<hr/>	<hr/>
Deficit in scheme at the end of the year	(4,141)	(1,291)
	<hr/> <hr/>	<hr/> <hr/>

The tax credits associated with UK equity dividends were abolished with effect from 2 July 1997. This has the effect of reducing the overall expected investment return in the long term. The actuary of the LGSS has reported that to allow for this reduction in return would require an increase in the Common Contribution of 1.2% of pensionable pay.

Teachers' Pension Scheme

The College is a member of the Teachers' Pension Scheme (TPS) which is a defined benefit scheme. The TPS is an unfunded scheme. Contributions on a "pay-as-you-go" basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments. Under the definitions set out in the Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The TPS is unable to provide for the College an identification of its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 17 and has accounted for its contribution to the scheme as if it were a defined contribution scheme. Set out below is the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	prospective benefits
Real rate of return	3.5% in excess of prices and 2% in excess of earnings per annum
Rate of real earnings growth	1.5% per annum
Gross rate of return	6.5% per annum

The value of the notional assets at 31 March 2008 was £166,500 million (estimated future contributions together with the proceeds from the notional investments held at the valuation date).

Following implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2001, the government actuary carried out a further review on the level of employer's contributions. For the period from 1 August 2008 to July 2008, the employer contribution was 14.1%.

NOTES TO THE ACCOUNTS

Year ended 31 July 2008

USS

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying asset and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by the FRS 17 "retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (ie the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earning.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the funding level of the scheme has undergone considerable volatility. The actuary has estimated that the funding level had increased to 91% at 31 March 2007 but that at 31 March 2008 it had fallen back to 77%. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund's actual investment performance and changes in gilt yields (ie the valuation rate of interest). On the FRS17 basis, using a AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate at 14% of pensionable salaries.

NOTES TO THE ACCOUNTS

Year ended 31 July 2008

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows.

However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long term view of its investments. Short term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the institution was £11,328 (2006/07 Nil). The contribution rate payable by the institution was 14% of pensionable salaries.

ADDITIONAL INFORMATION

The following additional financial information has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

DETAILED INCOME AND EXPENDITURE ACCOUNT

ACCOUNT FOR MAIN COLLEGE
Year ended 31 July 2008

	2008	2007
	£	£
INCOME		
Funding Council grants	6,842,416	7,340,199
Tuition fees	3,298,605	1,756,761
Research Grants and contracts	228,800	84,310
Other operating income	3,503,890	3,323,282
Investment income	74,443	20,937
	<u>13,948,154</u>	<u>12,525,489</u>
EXPENDITURE		
Staff costs	8,705,287	7,805,887
Other operating charges	4,694,692	4,380,978
Depreciation	492,740	418,160
Interest payable	116,792	122,708
	<u>(14,009,511)</u>	<u>(12,727,733)</u>
(Deficit)/surplus for year	<u><u>(61,357)</u></u>	<u><u>(202,244)</u></u>

DETAILED INCOME AND EXPENDITURE ACCOUNT

**ACCOUNT FOR FARM
Year ended 31 July 2008**

	2008	2007
	£	£
Sales	-	-
Other income	488	13,734
Interest receivable	7,365	5,531
	<u>7,853</u>	<u>19,265</u>
General expenses	(802)	(881)
Write off	-	-
Depreciation	-	-
	<u>(802)</u>	<u>(881)</u>
Surplus for year	<u><u>7,051</u></u>	<u><u>18,384</u></u>

DETAILED INCOME AND EXPENDITURE ACCOUNT

ACCOUNT FOR LIBRARY
Year ended 31 July 2008

	2008	2007
	£	£
INCOME		
Other operating income	476,397	505,392
	<u> </u>	<u> </u>
EXPENDITURE		
Staff costs	(235,118)	(221,368)
Other operating charges	(215,450)	(257,103)
	<u> </u>	<u> </u>
	(450,568)	(478,471)
	<u> </u>	<u> </u>
Deficit for year	25,830	26,921
	<u> </u>	<u> </u>

DETAILED INCOME AND EXPENDITURE ACCOUNT

**TRINITY COLLEGE
Year ended 31 July 2008**

	Total funds 2008 £	Total funds 2007 £
Incoming resources		
Residential courses	109,462	123,304
Rents and room hire	72,060	38,119
Investment income	22,562	97,285
Release of deferred capital grants	-	-
Realised gain on disposal of Fixed asset	2,500,000	57,939
Donations and gifts	345	2,792
	<u>2,704,429</u>	<u>319,439</u>
Resources expended		
Direct charitable expenditure	(10,558)	(2,882)
Management and administration of charity		
Depreciation	(216,958)	(221,739)
	<u>(227,516)</u>	<u>(224,621)</u>
Total resources expended	<u>(227,516)</u>	<u>(224,621)</u>
Net incoming resources for year	<u><u>2,476,913</u></u>	<u><u>94,818</u></u>