

REGISTERED NUMBER: 07442837 (England and Wales)

Career Choices Dewis Gyrfa Ltd

Strategic Report, Directors Report and Financial Statements

For The Year Ended 31 March 2018



CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

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FOR THE YEAR ENDED 31 MARCH 2018**

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CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

COMPANY INFORMATION

DIRECTORS:

Mrs M Foster
Mr N Frow
Mrs K Lennox
Mr I Prys-Jones
Mrs E Richards
Mrs S A Roberts-Davies
Mr R Spear
Mrs L Somme-Dew
Mr R A Wright
Miss K Luckock
Mr R C Francis
Miss S Jones
Dr D Evans-Williams
Mr D A Dowling
Mrs L A Teichner
Prof S Maguire
Miss E Harris
Mr K G Bowd
Mrs N J Lawrence

SECRETARY:

Mrs N J Lawrence

REGISTERED OFFICE:

53 Charles Street
Cardiff
CF10 2GD

REGISTERED NUMBER:

07442837 (England and Wales)

AUDITORS:

Auditor General for Wales

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STRATEGIC REPORT

The Directors present their strategic report of the company for the year ended 31 March 2018.

STATUTORY BACKGROUND

Career Choices Dewis Gyrfa Ltd (CCDG) is a wholly owned subsidiary of the Welsh Government which was formed on 1 April 2013. Trading as *Gyrfa Cymru Careers Wales*, CCDG provide the all age, independent and impartial careers information, advice and guidance service for Wales. CCDG's focus for this financial year was to start the implementation of year one of the new vision "Changing Lives" which incorporates an integrated digital presence (CareersWales.com) and telephone service which links in with the Welsh Government's vision of creating a truly Digital Nation into our service delivery model.

CCDG deliver a remit set by the Minister for Education and Skills and support the Welsh Government's strategic objectives as identified in the Programme for Government and related Welsh Government policies. CCDG's work helps to develop the nation's skills base and to support the effectiveness of expenditure on education and training, thereby contributing to the economic and social well-being of Wales.

PRIMARY OBJECTIVES

Career decisions are among the most important people make throughout their lives and careers information, advice and guidance can help to:

- Improve knowledge and awareness of learning opportunities and the labour market;
- Improve self-awareness, raise individual aspirations and support people to make effective decisions about their careers;
- Increase access to, and completion of, learning and training;
- Motivate people to manage their careers, improve application and interview skills and be resilient in adapting their plans when circumstances change;
- Address inequality by focusing on the needs of groups who are under-represented in employment, learning or training and by challenging stereotyping; and
- Improve the efficiency and effectiveness of the labour market, for example by improving the match between supply of, and demand for, skills.

CORE FUNCTIONS

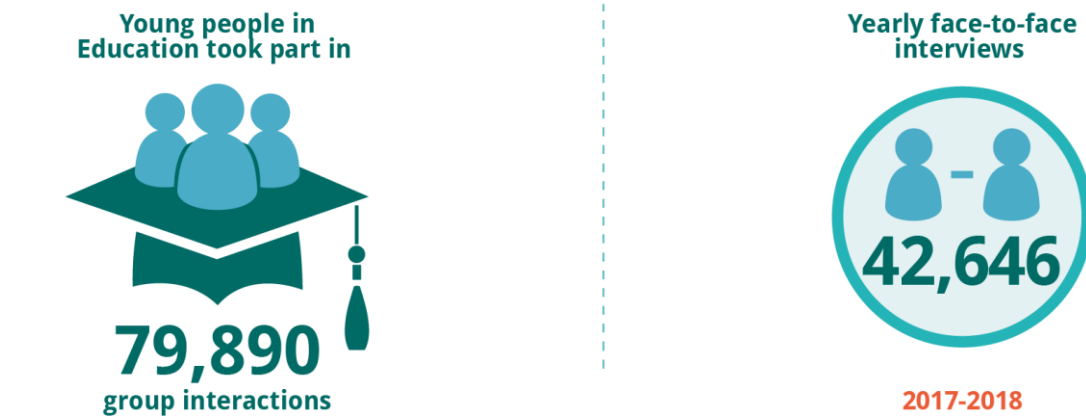
CCDG's core function is to provide individuals with access to careers information, advice and guidance and related support through one to one guidance interviews, groupworks, web access and a bilingual telephone service/helpline. We support clients to become more effective at planning and managing their careers, recognising that career management no longer consists of a one-off occupational choice, but rather a series of lifelong career transitions. Through improving career management skills and competencies, clients are able to make these transitions more smoothly, enjoy a higher level of career satisfaction and play a more active part in the economy.

CCDG's core function is defined in the remit letter from the Welsh Government which details CCDG's objectives. In 2017-18 the remit letter focused on the following areas:

- Implementing a new offer for young people in education. Supporting young people aged 11-18 in school, colleges or work based learning, to develop their understanding of careers management competencies and employability skills; be aware of and able to access Careers Wales resources; by building their understanding of the labour market and labour market information (LMI); and be aware of all post-16 education, employment and training opportunities and how to access them.

- Ensuring that young adults in education or training are able to: make informed decisions about their future and next steps; apply career management competencies and employability skills; sustain engagement with education, employment or training; and make realistic decisions about future career and learning options.

Education



- Strategic Support to the Youth Engagement and Progression Framework. This framework aims to reduce the number of young people not in education, employment or training (NEET). CCDG identify those most at risk of becoming NEET or who are already NEET and provide the support they need to get them back on track.
- Services to Adults – CCDG provide telephone and web-based services accessible and relevant to adults. The reason for the figures being lower in 2017-18 is due to the company moving to a system with direct dial numbers for staff.

Telephone calls to our helpline



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- Digital Services – CCDG will introduce a “Careers Discovery Model” combining more traditional methods of delivering careers advice with digital tools and resources.

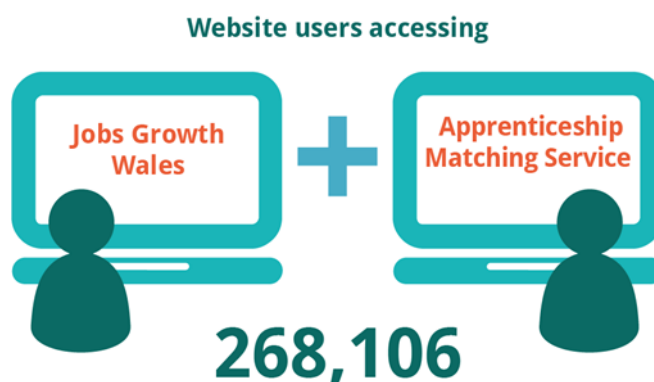
CCDG also receive additional funding from the Welsh Government for a number of strategic projects.

Strategic Projects

1. Individual Skills Gateway - This project allows unemployed individuals aged 18 plus to receive professional help and support from Careers Advisers to support them to achieve their career goals and overcome barriers to employment. CCDG help individuals find training and courses suited to their needs. The reason the number of face to face interviews was higher in 2016-17 was the company had been given extra financial resources within that year.



2. Apprenticeship Matching Service – CCDG provide a free on-line recruitment process to help employers find suitable apprentices and aspiring apprentices to find opportunities in a business that is right for them. All Welsh Government funded apprenticeship programmes are accessed through careers.wales.com.
3. Jobs Growth Wales – This project allows unemployed 18-24 year olds living in Wales an opportunity to gain work experience for up to six months in a job which pays at least the minimum wage. The vacancies for Job Growth Wales can be accessed through careerswales.com.



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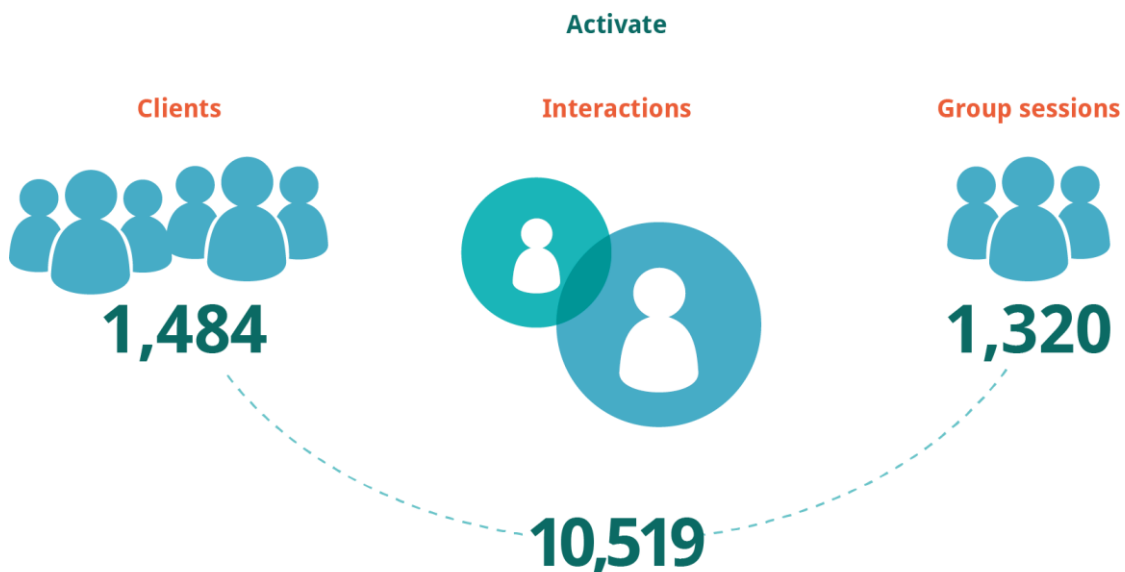
4. ReAct - redundancy and support services are available to individuals who have been made redundant or are under the threat of redundancy. Support is available for eligible applicants to increase their skills and remove barriers to learning, or returning to work. All applicants have their training needs assessed by Careers Wales who will advise on suitable training courses and training venues.



European Social Funded Projects

CCDG received funding for six European projects (Activate) which are supporting young people aged 11-19 who are disengaging with education and at risk of becoming NEET. The projects aim to reduce and prevent early school and college leaving and provide further options to young adults to enter into education and training. The projects will:

- Ensure that young people most at risk are identified and supported so that they remain in education, employment or training and their risk is reduced. This will reduce the likelihood of future or continuing poverty amongst young people.
- Achieve improved health and well-being for young people.
- Instil a work ethic and higher aspirations for young people.



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Our Impact

CCDG works in partnership with a range of organisations in order to contribute to the following outcomes for people in Wales, which support our mission of inspiring individuals for a skilled economy:

1. Awareness: Greater understanding and awareness of Labour Market Information (LMI) and the learning, training and employment opportunities available to them. Awareness of their own strengths, skills and abilities, where they can improve and who can help them;
2. Aspiration: Increased ambition and motivation to participate in employment, education and training;
3. Ability: Improve the effective use of skills and competencies to make decisions, resilience to adapt and change to deal with changing circumstances; and
4. Action: Improve the effective use of confidence, skills and ability to use their contacts, to implement plans, make successful applications for sustainable employment, learning and training opportunities.

COMPANY PERFORMANCE 2017-18

Company performance is assessed both internally and externally in relation to business targets, quality standards and financial health.

It was agreed by Welsh Government that CCDG's 2017-18 Business Plan would include a new set of performance indicators against which Welsh Government would monitor the impact of the organisation. The following are the KPI's for 2017-18:

1. Sustained progression of young people through education and into employment or further training/education;
2. Reductions in the number of young people who are outside the Education, Employment and Training system;
3. To meet specified service expectations for clients in schools and providing identified priority clients with 'in person' careers guidance interviews;
4. The application of reliable and robust evaluation techniques to determine the positive impact that Careers Wales services has on Year 11 pupils' perceived competencies that help to develop and implement appropriate career and progression plans;
5. Careers Wales allocation of resources is commensurate with achieving the 'Changing Lives' vision.

Achievements

KPI 1: "The sustained progression of young people through education and into employment or further training/education."

Careers Wales achieved each of the 4 Criteria set for KPI1:

a. Criterion 1: Clients in Employment, Education and Training (EET)

The criterion was met. On the 31st October 2017 the proportion of the 2017 leavers in EET was 96.24%. This compares to 95.38% for the 2016 leavers on the 31st October 2016. This represents an increase of 0.86% on the October 2016 figure.

b. Criterion 2: Clients remaining in EET

This criterion was met. The overall proportion of 2017 leavers in EET on the 31st October 2017 was 96.24% and 96.23% on the 31st March 2018. The numbers in EET therefore remained similar. In 2016 the overall proportion of 2016 leavers in EET on the 31st October 2016 was 95.38% and 94.97% on the 31st March 2017, again the numbers remained largely the same. 2017 shows a small improvement on the 2016 figures.

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c. Criterion 3: Clients Identified as NEET

This criterion was met. On the 31st October 2017 the proportion of the 2017 leavers who were not in employment, education or training (NEET) was 1.66%. This compares to 2.03% for the 2016 leavers on the 31st October 2016. Therefore, there has been an overall reduction in the percentage of clients who are NEET.

d. Criterion 4: Clients remaining NEET

This criterion was met. The overall proportion of 2017 leavers who were NEET on the 31st October 2017 was 1.66% and 2.18% on the 31st March 2018. The number of clients who were NEET therefore increased but only by a small margin (0.52%) during the year. In 2016 the overall proportion of 2016 leavers who were NEET on the 31st October was 2.03% and 2.47% on the 31st March. 2017 therefore shows a small improvement on the 2016 figures.

KPI 2: “Reductions in the number of young people (16-18 year olds) who are outside the Education, Employment and Training system.”

CCDG met the requirements of KPI 2 for the 2017-18 financial year. A comparison of the Destination data reveals that in 31st October 2017, there was an overall reduction in the number of young people known to be NEET in comparison to 31st October 2016. The proportion of all pupils in the NEET category dropped by 0.37 percentage points (2.03% in 2016 to 1.66% in 2017). A reduction of 259 individuals (1,199 in 2016 to 940 in 2017).

KPI 3: “To meet specified service expectations for clients in schools and providing identified priority clients with ‘in person’ careers guidance interviews.”

- In 2017 there were 19,092 clients (53.71% of the total cohort) in the 2017 year 11 leavers cohort identified as being a ‘priority.’ This included those identified as ‘at risk of NEET,’ ‘LDD Statemented’ and ‘potential labour market entrants.’ This compares to a total of 19,243 in the 2016 leavers cohort (53.49%)
- 17,797 (93.22%) of these received a service from Careers Wales. 66% of these received a face to face service. This compares to 17,176 (89.26%) clients worked with in the 2016 leavers cohort with 61.46% receiving a one to one service. 2017 is therefore showing an improvement on the 2016 figures.

KPI 4: “The application of reliable and robust evaluation techniques to determine the positive impact that Careers Wales services has on Year 11 pupils’ perceived competencies that help to develop and implement appropriate career and progression plans”.

CCDG met this criteria. It has been measured by a survey of clients who left mainstream schools in Year 11, 2017 and who had been in receipt of a face to face interview. They were contacted by e-mail during the summer. 290 responded. They were asked a series of questions to determine:

- Satisfaction with the service they had received;
- Their perception of the impact of the service on their career and learning plans.

Satisfaction with Adviser

83% said that the adviser understood their needs;
92% said that the Adviser was professional;
92% said that the Adviser spoke to them in a way they could understand;
96% said that they were treated with respect.

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Perception of impact on Career and progression plans

81% said the interview had helped them understand the opportunities available to them;
66% said the interview had helped them understand how their skills and personal qualities could be applied in the job market or their career;
65% said that the interview had made them more motivated to achieve my career and learning goals;
70% said that the interview had helped them make more informed decisions about their career and learning plans.

KPI 5: “Careers Wales allocation of resources is commensurate with achieving the ‘Changing Lives’ vision”

This criteria has been met. The implementation of the VERS exercise and new company structure took place in 2017-18 and this reduced management costs and increased our delivery staff. The company increased their digital staffing capacity and moved towards putting a greater resource of Careers Advisers into schools in line with the company vision “ Changing Lives.”

FINANCIAL PERFORMANCE FOR THE YEAR

The results for the financial year are shown on page 25 onwards.

CCDG’s Financial Statements currently show that the company has negative reserves of £24.4m. The primary reason for these negative reserves is the net pension deficit of £30.5m. This deficit is an estimate of the expected shortfall of assets over liabilities in the CCDG Local Government Pension Schemes funds.

The company undertook a voluntary release scheme in 2017-18 to address the staff structure in order to ensure that we have the appropriate staff to implement the new vision Changing Lives.

CCDG performance is assessed both internally and externally in particular through its Remit Letter and Framework Document that are annually agreed with the Welsh Government. Performance against the Remit Letter is monitored by the Welsh Government and CCDG provides quarterly reports to Welsh Government to assist in this monitoring process.

The Framework Document allows CCDG to carry-over from one financial year to the next any drawn but unspent cash balances of up to 3% of the agreed WG core income funding (as set out in the remit letter and being exclusive of income deemed to be private funds). The table below shows the position for the 2017-18 period:

Item	£m
Agreed WG core income funding	19.1
Allowable carry over - 3%	0.6
Year end Cash and cash equivalents	2.8
Unspent cash balance as at 31 March 2018	2.2

The Welsh Government has confirmed that it is content for CCDG to retain this excess cash balance.

The principal source of income for CCDG is the Welsh Government and during the year the total income from Welsh Government was £23.9m.

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FUTURE DEVELOPMENTS

During this financial year CCDG has started the implementation of the first year of the new strategic vision called "Changing Lives". We have continued to develop and deliver quality services valued by clients and partners, upskilling our professional staff and made efficiency savings.

The company will now be moving into the second year of their three year strategic vision. This continues the belief that CCDG can add the greatest value to clients and the Welsh Government by concentrating our resources more strongly on young people – to help them through the key transition points up to the age of 19. CCDG will focus our resources on pupils at Key Stage 4, as this is the period when young people face the widest range of options about their future and are in greatest need of our support.

CCDG will have limited resources available to support adults. Therefore priority within this client group will be unemployed adults and those facing redundancy. We will build on the proven successes of our current service by providing integrated support for adults by combining skills assessment, careers guidance and coaching.

CCDG will be pushing forward with its digitalisation agenda and will be focusing on redeveloping the company's website over the next two years.

The CCDG Business Plan for 2018-19 expects the Welsh Government income to be £23.5m. As shown in the table below, this includes funding for specified projects to the value of £4.7m.

Funding Source	£m
Welsh Government – Core	18.8
Welsh Government – Individual Skills Gateway	2.6
Welsh Government – Strategic Projects	1.0
Welsh Government - React	1.1
Sub-total Welsh Government	23.5
European Funding – ESF	1.8
Other contract Income	0.4
Estimated total income 2018-19	25.7

PRINCIPAL RISKS AND UNCERTANTIES

Details of Risk Management are contained in the Risk Management section of the Annual Corporate Governance Statement on pages 20-21.

The principal risks that CCDG face are the:

- Management of future budget reductions,
- Implementation of the Changing Lives vision,
- Implementation of changes to the infrastructure of the careerswales.com website.

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These risks are expanded below:

Risk area	Main Risk(s)
Operational and Strategic risks	<ul style="list-style-type: none">• Failure to continue to effectively manage the preferred operational model detailed in the Changing Lives vision.
People related risks	<ul style="list-style-type: none">• Budget pressures have meant limited external recruitment.
Financial risks	<ul style="list-style-type: none">• Cash flow management due to budget constraints.• ESF project income is at risk if participant referrals from local authorities are low.
Information/ Digital risks	<ul style="list-style-type: none">• Careers Wales.com needs re-platforming.• Roll out and resourcing of digital transformation.

ON BEHALF OF THE BOARD:

.....
Mr I Prys-Jones - Director

Date:

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DIRECTORS REPORT

The Directors present their report with the Financial Statements of the company for the year ended 31 March 2018. CCDG has adopted the International Financial Reporting Standards (IFRS).

The Welsh Ministers are the sole member of CCDG. The company is limited by guarantee with all Directors agreeing to contribute the sum of £1 in the event of the company being wound up.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in note 18 to the Financial Statements.

DIRECTORS

The Directors shown below have held office during the period from 1 April 2017 to the 31 March 2018:

Mrs M Foster
Mr N Frow
Mrs K Lennox
Mr I Prys-Jones
Mrs E Richards
Mrs S A Roberts-Davies
Mr R Spear
Mrs L Somme-Dew
Mr R A Wright
Miss K Luckock
Mr R C Francis
Miss S Jones
Dr D Evans-Williams (Chair)
Mr K G Bowd
Prof S Maguire
Mr D A Dowling
Mrs L A Teichner
Miss E Harris

Changes in Directors holding office are as follows:

Mr R Spear – resigned 21 April 2017
Mrs K Lennox – resigned 27 April 2017
Mrs S A Roberts-Davies – resigned 27 April 2017
Mrs M Foster – resigned 16 November 2017
Mr N Frow – resigned 16 November 2017
Mrs L Somme-Dew – resigned 16 November 2017
Mr K G Bowd – appointed 22 April 2017
Mr K G Bowd – resigned 31 May 2018
Prof S Maguire – appointed 3 July 2017
Mr D A Dowling – appointed 20 June 2017
Mrs L A Teichner – appointed 20 June 2017
Miss E Harris – appointed 17 November 2017

Mr G Bowd was appointed on the 22 April 2017 as interim Chief Executive following the resignation of Mr R Spear on the 21 April 2017. All the Directors, other than Mr R Spear and Mr K G Bowd, are non-executive Directors and are unpaid. As well as being Directors of CCDG, Mr R Spear and Mr K G Bowd are also employees of CCDG. The post of Chair is remunerated at £345 per day for attendance at meetings or other agreed activities relating to the work of Careers Wales for up to 80 days per year. Mr K G Bowd left the company on 31 May 2018 and Mrs N J Lawrence was appointed as interim Chief Executive on the 1 June 2018.

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GOING CONCERN AND EVENTS AFTER THE REPORTING PERIOD

In adopting the going concern basis for preparing the Financial Statements, the Directors have considered the business activities as well as the company's principal risks and uncertainties as set out in the Corporate Risk Register.

Following the transfer of ownership to the Welsh Government, on 1 April 2013, CCDG became a public body, funded directly by the Welsh Government. Through the CCDG remit letter the Board of Directors has received confirmation that the Welsh Government will continue to provide both revenue and capital support at a sufficient level to enable CCDG to continue as a going concern until at least 31 March 2019. After making enquiries and having reviewed the company's forecasts, the Directors have concluded that there are no material uncertainties which would create any doubts to CCDG's ability to continue in business over the next 12 months. Therefore, the Board will continue to adopt the going concern basis in preparing the annual report and financial statements.

NON-CURRENT ASSETS

Details of non-current assets are shown in note 8 and 9 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial risks for CCDG relate to cash flow management and budgeting. The Welsh Government core Budget for 2017-18 was £19.1m, and they have confirmed the level of core funding for 2018-19 will be £18.8m. We received additional funding for one year in 2017-18 to support a number of strategic projects.

With regard to cash flow management, there is no significant credit risk and CCDG maintains a healthy cash balance on short term deposit. At the end of the 2017-18 period CCDG has a positive cash balance of £2.8m therefore credit, liquidity and cashflow are not considered to be a material risk. The excess cash reserves will be utilised in 2018-19 to mainly fund the continued development of careerswales.com, for normal business the Board has set the objective of achieving a balanced budget. Therefore, the key risks to manage will be budgetary and cashflow controls.

STAFF

Policy in respect of disabled persons

CCDG has an Equal Opportunities Policy which demonstrates our active commitment to equal opportunities in respect of recruitment and selection, training and development, performance reviews and promotion and retirement. CCDG promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. People with disabilities will have full and fair consideration for all vacancies. CCDG are committed to interviewing those people with disabilities who fulfil the minimum criteria for posts, and will endeavour to retain employees in the workforce if they become disabled during employment. CCDG will actively retrain and adjust their environment where possible to allow disabled employees to maximise their potential.

Consultation with Employees

CCDG remain committed to employee involvement and have a recognition agreement with Unison. Management and Unison engaged proactively in Partnership training promoted by Wales TUC and Welsh Government. Partnership working has been implemented and embraced by both sides and has resulted in an improvement in industrial relations and productive joint working. Employees are kept well informed of the performance and strategy of the company through personal briefings, regular meetings, email and updates by the Chief Executive through our newsletter LINC that is sent to all staff.

Employees are able to interact with one another, post information about clubs and groups in their area and can gain access to information about corporate events through the use of the CCDG intranet.

Policy on the payment of Creditors

CCDG is committed to the prompt settlement of invoices and other claims for payment. In the case of goods and services where the supply has been satisfactorily completed, the company's objective is to pay within 30 days of receipt of the invoice.

ENVIRONMENTAL REPORT

CCDG recognises that its wide range of activities and services have both a positive and negative impact on the environment and wish to manage and minimise these wherever possible. To help us achieve this aim we

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have implemented the independently audited Green Dragon Environmental Standard. Our overarching principles are detailed within our environmental policy and are implemented and monitored through the use of an environment management system.

How we manage the process

CCDG's aim is to seek continued improvement in the process by which we manage our environmental impact. To facilitate this improvement all our offices now have individual responsibility for the implementation of the environment management system. This has allowed each office to establish a unique eco code that best fits the environment they work in and to establish achievable reductions in the resources they manage. Monitoring data for gas, electricity, water consumption and staff travel are collated on a monthly basis. Three staff within the facilities department have been given overall responsibility for undertaking analysis of the data and to undertake six monthly audits of the offices under their control.

All legal requirements that are applicable to Careers Wales have been documented in the Environmental Legal Register which is updated every six months. All waste transfer notes, COSHH risk assessments and MSD product sheets are kept at a local level and they are checked during internal audits. The most significant environmental aspects are documented within the Environmental Aspects Register. To support the national direction as detailed within The Welsh Government's Sustainable Development Scheme, 'One Wales, One Planet' coupled with the Well Being of Future Generations Bill, CCDG have identified the activities that generate greenhouse gases. We have identified two areas: Carbon Dioxide from travel and energy use.

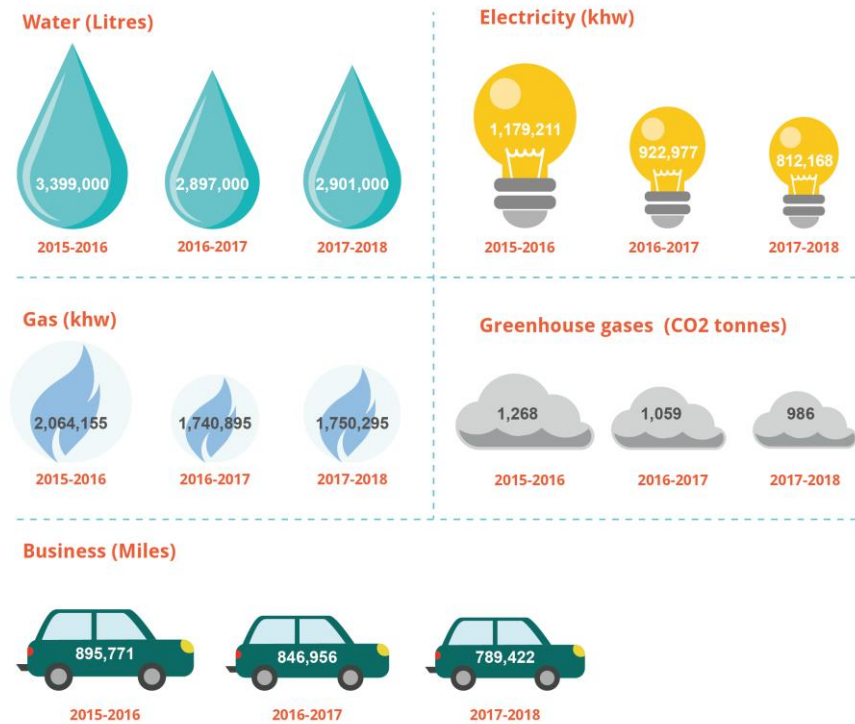
Environmental Performance

This financial year we have progressed with our estates strategy resulting in the closure and relocation of a number of offices. The environment CO2 data has been collected from the 29 offices that are under our control. We have included data from offices that have closed part way through the year. This year we were awarded Green Dragon Level 3.

	2015-2016	2016-2017	2017-2018
Water (Litres)	3,399,000	2,897,000	2,901,000
Business Miles	895,771	846,956	789,422
Electricity kwh	1,179,211	922,977	812,168
Gas KHW	2,064,155	1,740,895	1,750,295
Greenhouse gases CO2 tonnes	1,103	928	870
Financial costs	£	£	£
Gas	35,578	29,722	30,325
Electricity	142,111	109,109	101,731
Water	16,437	16,288	16,053

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We achieved a 6.3% decrease in our emissions from 928 tonnes to 870 tonnes. However, we had a slight increase in our water consumption, we are currently reviewing each office to determine the most effective water saving measures to introduce. The most significant improvement was observed in the electricity consumption. We also achieved a reduction in business mileage and we will continue to reappraise the mode of transport staff use to travel, we have invested in video conferencing facilities in our offices, staff have been provided with skype facilities and we have introduced a cycle to work scheme.

In the next financial year we have set ourselves an ambitious target to reduce our CO2 emissions by 8%, we have also targeted selected offices to apply for level 4 of the green dragon award. Our energy audits have identified the five worst performing offices in terms of CO2 emissions and we will be making an investment this year to reduce the output from these offices. We have set the following objectives for 2018-19:

- Reduce our carbon footprint by reviewing all premises with a view to implementing strategies which will improve their environmental impact.
- Review business strategy to minimise staff travel.
- Assess the viability of increasing the biodiversity of all external areas that we have effective control over.
- Improve waste management processes by helping us achieve higher levels of business waste recycling.
- Set aside a proportion of our annual maintenance budget to ensure that we can achieve these objectives.

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ANNUAL REPORT CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

As the Chief Executive (Accounting Officer) I am personally responsible for the overall organisation, management and staffing of CCDG.

The Governance Statement brings together in one place all disclosures about matters relating to an organisation's governance, risk and control. As Accounting Officer I am personally responsible for the Governance Statement which outlines how I have discharged my responsibility to manage and control the resources of CCDG during the course of the year.

CORPORATE GOVERNANCE

Corporate Governance is the system by which organisations are directed and controlled. The Board of CCDG is responsible for the governance of CCDG and compliance with the corporate governance code. The Board's role is to satisfy itself that an appropriate governance structure is in place and to ensure through myself, as Chief Executive, that the organisation operates within the policy framework set by the Welsh Government.

The Board comprises a Chair, Dr D Evans-Williams and up to 13 other Directors who are appointed by the Welsh Government. The Chair is a remunerated position and the Chief Executive is also a Director. The Board has met four times this year.

Each Director and the members of the Senior Management Team complete a Related Party Declaration form to ensure that potential conflicts of interest are identified. This form was last completed to March 2018. The Directors are reminded to declare any conflicts of interest prior to Board and Committee meetings. Any conflicts are then declared in the minutes and the Director does not take part in that agenda item.

The Board appointed three Committees with their own Terms of Reference to discharge its responsibilities and to obtain the assurance required that demonstrate good governance practices are in place. The Committees are:-



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The Directors' attendance at the Board and Committees is shown in the tables below:

MEMBERSHIP AND ATTENDANCE RECORD 2017-18

Meetings of the Board of Directors

	22/06/17	28/09/17	07/12/17	22/03/18 (confidential meeting)	22/03/18	Attendance
Dr D Evans-Williams (Chair)	✓	✓	✓	✓	✓	5/5 100%
Mr R A Wright	x	✓	✓	✓	✓	4/5 80%
Mrs E Richards	✓	✓	✓	✓	✓	5/5 100%
Mr I Prys-Jones	✓	✓	✓	✓	✓	5/5 100%
Miss K Luckock	✓	✓	x	✓	✓	4/5 80%
Mrs L A Teichner		✓	x	✓	✓	3/4 75%
Miss E Harris				✓	✓	2/2 100%
Mrs L Somme-Dew	✓	✓				2/2 100%
Mrs M Foster	x	x				0/2 0%
Mr N Frow	x	✓				1/2 50%
Prof S Maguire		✓	✓	✓	✓	4/4 100%
Mr R C Francis	✓	✓	✓	x	x	3/5 60%
Miss S Jones	x	✓	x	✓	✓	3/5 60%
Mr D A Dowling		✓	✓	✓	✓	4/4 100%
Chief Executive	✓	✓	✓	x	✓	4/5 80%

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

All Committee meeting minutes are provided to the Board together with a verbal report from the Committee Chair at every Board meeting. The Chief Executive is an Executive member of each Committee.

Finance, Audit & Risk Committee

	20/04/17	16/06/17 (additional meeting)	06/07/17	16/11/17	01/03/18	Attendance
Mr I Prys-Jones (Chair)	✓	✓	✓	✓	✓	5/5 100%
Mrs E Richards	✓	✓	✓	✓	✓	5/5 100%
Mr N Frow	x	✓	x	x		1/4 25%
Mrs S A Roberts-Davies	x					0/1 0%
Mr R A Wright					✓	1/1 100%
Chief Executive	✓	✓	✓	✓	✓	5/5 100%
Director of Corporate Services	✓	✓	✓	✓	✓	5/5 100%
Head of Finance & Estates	✓	✓	✓	✓	✓	5/5 100%
WAO (External Auditors)	✓	x	✓	✓	✓	4/5 80%
KTS (Internal Auditors)	✓					1/1 100%
TIAA (Internal Auditors)		x	✓	✓	x	2/4 50%

People Matters Committee

	26/05/17	02/11/17	25/01/18	Attendance
Miss K Luckock (Chair)	✓	✓	✓	3/3 100%
Mrs M Foster	✓	✓		2/2 100%
Mrs L A Teichner		✓	✓	2/2 100%
Chief Executive	✓	✓	✓	3/3 100%
Director of Corporate Services	✓	✓	✓	3/3 100%

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Performance & Impact Committee

	19/09/17	09/11/17	15/02/18	Attendance
Mr R A Wright (Chair)	✓	✓		2/2 100%
Mrs L Somme-Dew	✓	x		1/2 50%
Mr R C Francis	x	✓	✓	2/3 66.6%
Miss S Jones	✓	x	✓	2/3 66.6%
Mr D A Dowling		✓	✓	2/2 100%
Prof S Maguire		x	✓	1/2 50%
Chief Executive	✓	✓	✓	3/3 100%
Director of Service Delivery	✓	✓	✓	3/3 100%
Director of Service Development	✓	x	✓	2/3 66.6%

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

Finance, Audit and Risk Committee

The Committee consists of four Directors and met five times in the financial year. The Terms of Reference are:

- i. To ensure that the company has a sound system of financial control, and effective processes for the identification, assessment and management of risk using risk register;
- ii. To recommend the appointment of bankers, internal auditors, external auditors and other financial advisers, as required, following due process;
- iii. To establish a sound procedure for procurement, to ensure efficiency and value for money;
- iv. To ensure, in accordance with legislation, that the company has effective policies for dealing with suspected irregularity, fraud or bribery;
- v. To keep under review the financial health of the company. To include monitoring and reviewing the Business Plan and expenditure against budget for the current year;
- vi. To develop and recommend a viable business plan, and a budget for the company each year;
- vii. To consider and make recommendations on financial statements, and in particular the annual accounts of the company;
- viii. Consider matters referred to Committee by Board; and
- ix. Report to Board.

People Matters Committee

The Committee consists of three Directors and met three times in the financial year. The Terms of Reference are:

- i. The Committee will receive and approve any initial draft and subsequent redrafts of the HR Strategy and Implementation Plan(s);
- ii. The Committee will ensure that there is an appropriate pay structure and, subject to affordability, determine the pay levels of the Chief Executive;
- iii. The Committee will provide robust scrutiny in order to ensure that the company complies with employment legislation and regulations;
- iv. The Committee will be the lead committee for Health and Safety and Diversity matters;
- v. The Committee will consider such matters as may be referred to it by the Board;
- vi. The Committee will report to the Board on all matters relating to the employment and welfare of the staff of CCDG, and give advice on appropriate matters;
- vii. The Committee will also promote and support:
 - the development of appropriate employment policies, including those for appointment, terms and conditions, discipline, grievance, reward and recognition of employees;
 - the ongoing development of the company's culture and values;
 - employee engagement and involvement; and
 - effective internal communication within the organisation.

Performance and Impact Committee

The Committee consists of four Directors and met three times in the financial year. The Terms of Reference are:

- i. Have an overview of service development, delivery and support functions;
- ii. Monitor, scrutinise and advise on year performance relating to quality and quantity and progress against business plan;
- iii. To challenge and review the impact of the company;
- iv. To scrutinize and monitor the use of feedback from clients and stakeholders in informing the development of the service (including ICT) and engagement strategies;
- v. To promote and support value for money, looking at which services to invest resources in to ensure a good return on investment;
- vi. To support and review the way the company delivers the services through IT/ Digital/ Marketing channels;
- vii. To consider such matters as may be referred to the Committee by the Board; and
- viii. To report to the Board.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

The Senior Management Team

A further restructuring took place in the financial year and the SMT structure has been further reduced to a Chief Executive and three Directors with functional based responsibilities covering the whole of Wales.

The team meet regularly, weekly by video conference and monthly face-to-face to discuss and agree corporate and operational matters. A CCDG performance report is produced quarterly and presented to Welsh Government and Board to monitor progress against the business plan.

Sickness absence data

Over the last twelve months the Company lost 4.7% of productive working days to sickness absence (5.2% in the previous reporting period). Of this 2.2% is accounted for by absences of less than 20 days. The remainder is long term absence and there have been several notable very long term ill-health cases, resulting in ill-health retirement or resignation.

We have used the following best practice initiatives to manage sickness absence:

- Return to work interviews after every absence, paperwork reviewed and followed up by HR for quality of completion.
- Use of the Bradford factor to highlight those employees with high levels of short term absence so that efforts are targeted.
- Identifying individuals with absences exceeding 19 continuous days and supporting them back to work at an early stage by offering phased returns (part-time working for a short rehabilitation period).
- Use of triggers relating to numbers and frequency of short term absence which trigger actions such as informal and formal counselling meetings and potentially to warnings.
- Use of occupational health referrals, where high and rising patterns are seen and to manage ill-health retirements.
- Managers receive absence statistics each month to discuss with their teams.
- Use of the Company newsletter to promote health initiatives.
- Use of an external service for employees to report sick leave and monitor that return to work interviews are completed. This provides very robust sickness data.

Whistleblowing

CCDG has, since 2013, had a whistleblowing policy and procedures that were consulted on and agreed with the recognised trade union. The policy was introduced to all employees via the Company newsletter and is available to any employee, bilingually, on the Company intranet. The policy advises employees on what to do and who to report to, both internally and externally, if they believe that there is wrongdoing that it is in the public interest to disclose. The policy also covers employee rights and directs them to sources of information on the relevant reporting bodies. There have been no whistleblowing incidents during this financial year.

Risk Management

Responsibility for the management of the risks relating to the operations of CCDG lies with the Board of Directors. CCDG has undertaken a comprehensive assessment of the risks it faces. The principle risks are contained in the CCDG Risk Register which is reviewed on a regular basis by the Finance, Audit and Risk Committee and the Senior Management Team.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the organisation's aims and objectives and to manage them efficiently, effectively and economically. CCDG's Risk Register identifies potential risks arising from the operation of the company. These risks are prioritised within a Risk Matrix and provided with a risk profile according to the impact and likelihood of the risk occurring. These risk ratings are reviewed at each meeting of the Finance, Audit and Risk Committee and reported to each Board meeting. The Risk Register includes a list of the preventative measures for each of the risks identified, as well as the contingency measures and actions to reduce the consequences of an incident to a lower risk level and to facilitate recovery in the event of any crisis arising. 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.

As Chief Executive I have responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the appointed internal auditors and the managers within CCDG who have

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

responsibility for the development and maintenance of the internal control framework, together with comments and recommendations made by the external auditors in their management letter and internal auditors in their reports. The internal auditors submit regular reports and provide an independent annual opinion on the adequacy and effectiveness of CCDG's system of internal control, together with recommendations for improvement. The internal auditors operate to standards defined by the Public Sector Internal Audit Standards. They attend Finance, Audit and Risk Committee meetings and present their reports to the Committee and progress on the planned work programme. The internal audit opinion provided moderate assurance on the adequacy and effectiveness of CCDG's framework of governance, risk management and control in the year. Internal audit identified no significant control weaknesses and therefore nothing to suggest that the organisation was not maintaining a low risk status. The following areas were audited within the year, payroll, regulatory compliance, estates strategy, governance and risk management, information technology, Welsh Language Act compliance, fixed asset review, procurement and budgetary control.

The Internal Audit Strategy is set by the Finance, Audit and Risk Committee and is reviewed by the Board. More generally, CCDG is committed to a process of continuous development and improvement, developing systems in response to any relevant reviews and developments in best practice in this area. Appropriate action plans are in place to address any weaknesses identified and to ensure continuous improvement. Managers implement the recommendations of the internal auditor and the recommendations from the external audit management letter. The Finance, Audit and Risk Committee will continue to monitor this activity.

I am satisfied that for the 2017-18 financial year a sound governance framework and system of internal controls were in place. They supported the achievement of CCDG's policies, aims and objectives; facilitated effective exercise of CCDG's functions and safeguarded public funds and assets for which the Accounting Officer is personally responsible. These matters of governance and control are in accordance with the responsibilities that had been assigned to me, in the Framework Document issued to CCDG by the Welsh Government.

Nikki Lawrence
CCDG Interim Chief Executive and Accounting Officer

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgements and accounting estimates that are reasonable and prudent; and
- State that the Financial Statements comply with IFRS; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The Auditor General for Wales is appointed by the Welsh Government as the Company's external auditors.

ON BEHALF OF THE BOARD:

Mr I Prys-Jones - Director

Date:

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

Independent Auditor's Report to The Member of Career Choices Dewis Gyrfa LTD

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Careers Choices Dewis Gyrfa Ltd for the year ended 31 March 2018 which comprise the Statement of Profit and Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its deficit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the National Assembly for Wales and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report on other requirements

Opinion on other matter[s] prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the course of my audit:

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the strategic report or the directors' report.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- I have not received all the information and explanations I require for my audit; or
- the directors' were not entitled to prepare the financial statements in accordance with the small companies regime.

Report

I have no observations to make on these financial statements.

Responsibilities

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors' are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

Responsibilities for regularity

The directors are responsible for ensuring the regularity of financial transactions.

I am responsible for expressing an opinion on whether the expenditure and income have been applied to the purposes intended by the National Assembly for Wales and the financial transactions conform to the authorities which govern them.

Huw Vaughan Thomas
Auditor General for Wales
17 July 2018

24 Cathedral Road
Cardiff
CF11 9LJ

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £'000	2017 £'000
CONTINUING OPERATIONS			
Revenue	2	26,429	28,440
Administrative expenses		(27,443)	(27,380)
Loss arising on property related items	1	(2)	-
		(1,016)	1,060
OPERATING (LOSS) / PROFIT BEFORE COST OF FUNDAMENTAL REORGANISATION			
Exceptional items	4	(533)	(2,212)
		OPERATING (LOSS)	(1,152)
Finance costs	5	(5,555)	(6,047)
Finance income	5	4,717	5,351
		(LOSS) BEFORE TAX	(1,848)
Tax expense	7	(2)	(4)
		(LOSS) FOR THE YEAR	(1,852)
(Loss) attributable to: Owners of the company		(2,389)	(1,852)

The notes from page 31 to page 57 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £'000	2017 £'000
(LOSS) FOR THE YEAR		(2,389)	(1,852)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Revaluation Surplus	12	241	-
Actuarial Gain /(Loss) on pension scheme	17	5,387	(11,265)
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>5,628</u>	<u>(11,265)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,239</u>	<u>(13,117)</u>
Total comprehensive income attributable to: Owners of the company		<u>3,239</u>	<u>(13,117)</u>

The notes from page 31 to page 57 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

STATEMENT OF FINANCIAL POSITION
31 MARCH 2018

	Notes	2018 £'000	2017 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,734	2,548
Intangible assets	9	<u>282</u>	<u>495</u>
		<u>3,016</u>	<u>3,043</u>
CURRENT ASSETS			
Trade and other receivables	10	3,463	5,043
Cash and cash equivalents	11	<u>2,839</u>	<u>2,650</u>
		<u>6,302</u>	<u>7,693</u>
TOTAL ASSETS		<u>9,318</u>	<u>10,736</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Pension liability	17	30,513	33,297
Trade and other payables	13	<u>16</u>	<u>59</u>
		<u>30,529</u>	<u>33,356</u>
CURRENT LIABILITIES			
Trade and other payables	13	3,071	4,838
Provisions	15	156	217
Tax payable	7	<u>2</u>	<u>4</u>
		<u>3,229</u>	<u>5,059</u>
TOTAL LIABILITIES		<u>33,758</u>	<u>38,415</u>
TOTAL ASSETS LESS LIABILITIES		<u>(24,440)</u>	<u>(27,679)</u>
EQUITY			
Revaluation reserve	12	241	-
Retained earnings	12	<u>(24,681)</u>	<u>(27,679)</u>
TOTAL EQUITY		<u>(24,440)</u>	<u>(27,679)</u>

For the year ended 31 March 2018, the company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (non-profit making companies subject to public sector audit).

The Financial Statements were approved by the Board of Directors on and were signed on its behalf by:

.....
Mr I Prys-Jones - Director
Registered company number: 07442837

The notes from page 31 to page 57 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Retained Earnings £'000	Revaluation Reserve £'000	Total Equity £'000
Balance at 1 April 2016	(14,607)	45	(14,562)
Changes in Equity			
Revaluation Surplus transfer	45	(45)	-
Loss for the year	(1,852)	-	(1,852)
Actuarial Loss	<u>(11,265)</u>	<u>-</u>	<u>(11,265)</u>
Balance at 31 March 2017	<u><u>(27,679)</u></u>	<u><u>-</u></u>	<u><u>(27,679)</u></u>
Changes in Equity			
Revaluation in year	-	241	241
Loss for the year	(2,389)	-	(2,389)
Actuarial Gain	<u>5,387</u>	<u>-</u>	<u>5,387</u>
Balance at 31 March 2018	<u><u>(24,681)</u></u>	<u><u>241</u></u>	<u><u>(24,440)</u></u>

The notes from page 31 to page 57 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD
YEAR ENDED 31 MARCH 2018
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations		559	(484)
Interest paid	5	(5)	(5)
Tax paid	7	<u>(2)</u>	<u>(4)</u>
Net cash from operating activities		<u>552</u>	<u>(493)</u>
Cash flows from investing activities			
Purchase of intangible assets	9	(250)	(436)
Purchase of property, plant and equipment	8	(121)	(31)
Proceeds from sale of asset		-	538
Interest received	5	<u>8</u>	<u>7</u>
Net cash from investing activities		<u>(363)</u>	<u>78</u>
Cash flows from financing activities			
		-	-
Increase / (Decrease) in cash and cash equivalents		189	(415)
Cash and cash equivalents at beginning of year	11	<u>2,650</u>	<u>3,065</u>
Cash and cash equivalents at end of year	11	<u><u>2,839</u></u>	<u><u>2,650</u></u>

The notes from page 31 to page 57 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

RECONCILIATION OF (LOSS) BEFORE CORPORATION TAX TO CASH GENERATED FROM OPERATIONS

	Note	2018 £'000	2017 £'000
(Loss) before corporation tax and interest		(2,390)	(1,850)
Depreciation charges	8	175	209
Amortisation and Impairment charge	9	462	511
Interest on pension scheme liabilities	5	5,550	6042
Expected return on pension scheme assets	5	(4,709)	(5,344)
Gain on Disposal of asset		-	(40)
		(912)	(472)
(Increase)/Decrease in trade and other receivables	10	1,580	(3,146)
Increase/(Decrease) in provisions	15	(61)	217
Increase/(Decrease) in trade and other payables	13	(1,810)	2,451
Difference between pension charge and cash contributions		1,762	466
Cash generated from operations		559	(484)

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

Basis of preparation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The Directors have considered the impact of accounting standards which have been issued but are not yet effective and which have not been adopted early by the company. The Directors consider that none will have a material impact on the financial statements other than IFRS 16 Leases which will apply from 2019-20, whose impact is not reasonably quantified at this stage.

Revenue recognition

Welsh Government core income is recognised on a monthly basis. Welsh Government project income, ESF income and other contract income is recognised monthly based on the cost of the work completed. Welsh Government other income is recognised once the criteria attached to the income is met. Income received in advance of the work being done is classified as deferred income.

Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation. A provision will be made if the following criteria are met :

- a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event),
- payment is probable ('more likely than not'), and
- the amount can be estimated reliably.

Contingent Liability

If a potential liability, that may occur due to an uncertain future event, is identified we will include a contingent liability providing the obligation can be measured with sufficient reliability and the future event has a high probability of occurring.

Cash and Cash equivalent

In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at the bank.

Reserves

When required the company could have two reserves. Firstly Retained Earnings, which is the cumulative profits and losses of the company and secondly the Revaluation Reserve which contains the gains made by the company arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance on the Revaluation Reserve is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- or disposed of and the gains are realised.

Property, plant and equipment

Individual items over £2,500 are classified as fixed assets. CCDG does not group assets for capitalisation. Freehold property has been split into two components, buildings and land. In the case of land and buildings, associated legal and professional fees will also be capitalised. Only the buildings element has been depreciated.

IAS16 requires that assets should be split into component parts where the cost is significant in relation to the total cost of the asset. Where the component parts of a building exceed materiality these will become separate entities within the PPE note and will be depreciated over the estimated useful life of the component.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES – continued

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold Property	Straight line over 50 years
Leasehold property	Lesser of 5 years or remaining lease term
Fixtures and fittings	5 years
Computer equipment	3 years

Valuations

Land and Buildings are valued at fair value, on the basis of open market value for existing use, and are subject to independent professional revaluation every five years in accordance with the RICS valuation standards. All owned properties were valued on this basis in March 2018 by Hiron, Morgans & Yapp, RICS registered valuers. The valuers assumed that the properties are free from structural or design defects, rot, infestation and that they comply with all necessary statutory requirements. The valuers have also assumed that the properties are free from mortgages and charges. No environmental matters were considered to have a significant bearing on value. The properties were physically inspected and for this valuation exercise the valuers relied on floor areas provided by CCDG and did not undertake a detailed measuring exercise. The next revaluation will take place in March 2023, and thereafter at five year intervals. Following the March 2018 revaluation, land to the value of £2k was impaired and included in the Statement of Profit and Loss.

Intangible Assets

Software Licenses with a finite useful life will be amortised over that life on a straight line basis. Internet web development will be amortised over two years, from the date the development went live on the website. In the first year a full year of amortised costs are included in the statement of profit and loss.

The amortisation costs and impairment charge of intangible assets are included in administrative expenses within the Statement of Profit and Loss.

Taxation

Current taxes are based on the results shown in the Financial Statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Employee benefit costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of profit and loss and other comprehensive income. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Operating Leases

Operating lease rentals are charged in the profit and loss account. The company aim to have break clauses built into their leases to reduce company commitment. An assessment of leases is undertaken to ensure they are operating and not finance leases.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES – continued

Government Grants

Revenue grants are released to income and expenditure over the life of the project to which they relate.

Use of estimates and judgements

The preparation of the Financial Statements requires the company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about significant areas of estimation and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following note:

Note 17 - The measurement of defined benefit contributions depends on the selection of certain assumptions which include the discount rate, salary growth, rate of increase in deferred pensions and expected return on scheme assets.

Other significant areas of estimates and critical judgements are:-

- Property, plant and equipment revaluations and leasehold valuations are based on professional advice.
- Accrual estimates at the year-end have been based on work completed or goods received but not invoiced.

Going concern

The core Welsh Government funding will be £18.8m in the next financial year for CCDG.

2. REVENUE

	2018 £'000	2017 £'000
Welsh Government – core	19,050	18,800
Welsh Government – projects	4,895	6,922
Welsh Government – other income	-	1,038
ESF projects – Activate	2,004	1,094
Other contracts	480	586
	<u>26,429</u>	<u>28,440</u>

3. EMPLOYEES AND DIRECTORS

Staff costs

	2018 £'000	2017 £'000
Wages and salaries	15,194	16,901
Social security costs	1,427	1,545
Other pension costs	6,445	5,242
	<u>23,066</u>	<u>23,688</u>

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

3. EMPLOYEES AND DIRECTORS - continued

Staff numbers

	2018	2017
Management and Administration	73	81
Service delivery	502	540
	575	621

Senior employees costs

	2018		2017	
	Directors	Senior Management	Directors	Senior Management
	£'000	£'000	£'000	£'000
Short Term Employee benefits	132	252	124	317
Post Employment benefits	12	47	13	46
Termination benefits	82	(9)	-	338
	226	290	137	701

The Directors figure for 2018 includes redundancy costs due to the Interim Chief Executive's role being extended to May 2018. The balance of the Interim Chief Executive termination benefits are shown in the Senior Management figure for 2017 as he was in a different management job role during the preceding financial year. The Senior Management figure for 2018 is showing as a negative amount as another Senior Manager who took voluntary redundancy was asked to remain in post for a further period whilst new senior management arrangements were put in place. As the person on the revised leaving date was closer to normal retirement age, the pension strain costs were less than originally predicted following the voluntary redundancy exercise undertaken in the preceding financial year.

The number of Directors to whom retirement benefits were accruing was as follows:

	2018	2017
Final Salary scheme	2	1

4. EXCEPTIONAL ITEMS

Voluntary Release scheme

The company undertook a further voluntary release scheme in the year 2017-18. 10 applications from individuals were accepted prior to 31 March 2018 and all staff members left in 2017-18. The associated costs of this exercise, including actuarial pension strains, was £453k and this has been recognised in the 2017-18 accounts. In addition, there were a further £80k of costs in relation to the 2016-17 VERS exercise where the interim Chief Executive due to finish in 2017-18 was extended to the 31 May 2018 whilst alternate leadership arrangements were put into place.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

5. NET FINANCE INCOME

	2018 £'000	2017 £'000
Finance income:		
Deposit account interest	8	7
Expected return on pension scheme assets	<u>4,709</u>	<u>5,344</u>
	<u>4,717</u>	<u>5,351</u>
Finance costs:		
Bank interest	(5)	(5)
Interest on pension scheme liabilities	<u>(5,550)</u>	<u>(6,042)</u>
	<u>(5,555)</u>	<u>(6,047)</u>
Net finance income	<u>(838)</u>	<u>(696)</u>

6. (LOSS) BEFORE TAX

The (loss) before tax is stated after charging:

	2018 £'000	2017 £'000
Other operating leases	704	914
Depreciation	176	209
Amortisation and Impairment	462	511
Auditors' remuneration - External	75	75
Internal	<u>14</u>	<u>24</u>
	<u>1,431</u>	<u>1,733</u>

7. CORPORATION TAX

Analysis of tax expense

	2018			2017		
	Amount £'000	Rate	Tax £'000	Amount £'000	Rate	Tax £'000
Income on which no tax due	26,429	0%	-	28,440	0%	-
Non core profits	-	0%	-	-	0%	-
Interest	8	19%	2	7	20%	1
Gain from sale of asset	-	0%	-	15	20%	3
			<u>2</u>			<u>4</u>

CCDG pays corporation tax on interest receivable and profit on non-core activities at the UK corporation tax rate of 19%.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

7. CORPORATION TAX - continued

Tax effects relating to effects of other comprehensive income

	Gross £'000	2018 Tax £'000	Net £'000
Actuarial gain on pension scheme	<u>5,387</u>	<u>-</u>	<u>5,387</u>
	Gross £'000	2017 Tax £'000	Net £'000
Actuarial (loss) on pension scheme	<u>(11,265)</u>	<u>-</u>	<u>(11,265)</u>

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

8. PROPERTY, PLANT AND EQUIPMENT

2017-18

	Leasehold Improvements	Land and Buildings	Fixtures and Fittings	Computer Equipment	Totals
	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION					
At 1 April 2017	457	2,410	46	154	3,067
Additions: during the year	13	-	16	92	121
Disposals: during the year	(17)	-	-	(8)	(25)
Impairment during the year	-	(2)	-	-	(2)
Revaluation: during the year	-	62	-	-	62
At 31 March 2018	<u>453</u>	<u>2,470</u>	<u>62</u>	<u>238</u>	<u>3,223</u>
DEPRECIATION					
At 1 April 2017	222	144	18	135	519
Charge for year	102	36	10	27	175
Disposals: during the year	(17)	-	-	(8)	(25)
Revaluation/Impairment: during the year	-	(180)	-	-	(180)
At 31 March 2018	<u>307</u>	<u>-</u>	<u>28</u>	<u>154</u>	<u>489</u>
NET BOOK VALUE					
At 31 March 2018	<u>146</u>	<u>2,470</u>	<u>34</u>	<u>84</u>	<u>2,734</u>
At 31 March 2017	<u>235</u>	<u>2,266</u>	<u>28</u>	<u>19</u>	<u>2,548</u>

Notes relating to PPE:-

There were no assets held for sale at the year end.

The gross book value of fully depreciated assets still in use is £2,552.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

8. PROPERTY, PLANT AND EQUIPMENT - continued

2016-17

	Leasehold Improvements	Land and Buildings	Fixtures and Fittings	Computer Equipment	Totals
	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION					
At 1 April 2016	470	2,910	39	151	3,570
Additions: during the year	21	-	7	3	31
Disposals: during the year	(34)	(500)	-	-	(534)
At 31 March 2017	457	2,410	46	154	3,067
DEPRECIATION					
At 1 April 2016	140	108	10	89	347
Charge for year	112	43	8	46	209
Disposals: during the year	(30)	(7)	-	-	(37)
At 31 March 2017	222	144	18	135	519
NET BOOK VALUE					
At 31 March 2017	235	2,266	28	19	2,548
At 31 March 2016	330	2,802	29	62	3,223

Notes relating to PPE:-

There were no assets held for sale at the year end.

The gross book value of fully depreciated assets still in use is £2,559.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

9. INTANGIBLE ASSETS

	Software Licences £'000	Website Development £'000	Total £'000
COST			
At 1 April 2017	653	2,098	2,751
Additions	138	112	250
Impairment	(25)	(14)	(39)
At 31 March 2018	<u>766</u>	<u>2,196</u>	<u>2,962</u>
AMORTISATION			
At 1 April 2017	393	1,863	2,256
Charge for the year	202	260	462
Impairment	(25)	(13)	(38)
At 31 March 2018	<u>570</u>	<u>2,110</u>	<u>2,680</u>
NET BOOK VALUE			
At 31 March 2018	<u>196</u>	<u>86</u>	<u>282</u>
At 31 March 2017	<u>260</u>	<u>235</u>	<u>495</u>

10. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Current:		
Trade receivables	1,521	3,642
Other receivables	1,501	1,003
Prepayments	441	398
	<u>3,463</u>	<u>5,043</u>

11. CASH AND CASH EQUIVALENTS

	2018 £'000	2017 £'000
Cash in hand	2	2
Bank accounts	2,837	2,648
	<u>2,839</u>	<u>2,650</u>

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

12. RESERVES

	Retained earnings £'000	Revaluation reserve £'000	Totals £'000
At 1 April 2016	(14,607)	45	(14,562)
(Loss) for the year	(1,852)	-	(1,852)
Revaluation Reserve	45	(45)	-
Pension Actuarial Loss	<u>(11,265)</u>	<u>-</u>	<u>(11,265)</u>
At 31 March 2017	(27,679)	-	(27,679)
(Loss) for the year	(2,389)	-	(2,389)
Revaluation in year	-	241	241
Pension Actuarial Gain	<u>5,387</u>	<u>-</u>	<u>5,387</u>
At 31 March 2018	<u><u>(24,681)</u></u>	<u><u>241</u></u>	<u><u>(24,440)</u></u>

13. TRADE AND OTHER PAYABLES

	2018 £'000	2017 £'000
Current liabilities:		
Trade payables	335	920
Social security and other taxes	366	370
Other payables	305	281
Holiday Pay Accrual	212	233
Accruals and deferred income	1,294	2,293
VAT	493	683
Computer Licenses	<u>66</u>	<u>58</u>
	<u>3,071</u>	<u>4,838</u>
Non-current liabilities:		
Computer Licenses	<u>16</u>	<u>59</u>
	<u>16</u>	<u>59</u>
Aggregate amounts	<u><u>3,087</u></u>	<u><u>4,897</u></u>

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

14. LEASING AGREEMENTS

The company as lessee

Minimum lease payments under operating leases fall due as follows:

	Operating lease	
	2018	2017
	£'000	£'000
Net obligations repayable		
Within one year	589	674
Between one and five years	915	1,417
In more than five years	263	435
	1,767	2,526

Total lease rental costs incurred in 2017-18 was £704k (2017: £913k).

During the financial year CCDG has invoked break clause options on a number of leasehold properties which has resulted in the movement on operating leases. Some leases have also reached the end of their term and they have not been renewed.

The company as lessor

Minimum lease payments under non-cancellable operating leases:

	Lessors	
	2018	2017
	£'000	£'000
Net obligations payable		
Within one year	9	9
Between one and five years	4	13
In more than five years	-	-
	13	22

The first floor at 53 Charles Street Cardiff CF10 2GD has been let until 31 August 2019 at an annual rent of £9,000 per annum.

15. PROVISIONS

	2018	2017
	£'000	£'000
Opening Balance	217	-
Amounts Arising in year	156	217
Amounts utilised in year	(217)	-
Unused amounts reversed	-	-
Closing Balance	156	217

The provision relates to dilapidation costs and roof repair costs due to be incurred at the Newport office. The lease terminates in April 2019 and we have received detailed estimates from our surveyors of the dilapidation costs.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2018

16. CONTINGENT LIABILITIES

The dilapidations provision is based on the future expected repair costs required to restore the CCDG's leased buildings to their fair condition at the end of their respective lease terms. CCDG currently have 21 leases with a dilapidation clause. Due to the prohibitive costs of obtaining a reasonable estimate for dilapidations no costs will be provided until:

- The Board has agreed that an office will close and a break clause will be invoked, and the landlord has been served the notice to invoke the break clause.
- One year prior to the date when the lease comes to its natural end and the Board have agreed the lease will not be renewed.

The company has an ongoing HMRC VAT review which will continue into 2018-19 and at this stage it is not possible to quantify the outcome in terms of whether there may be a possible obligation of outflows of resource to recognise any liability arising from the review.

17. EMPLOYEE BENEFIT OBLIGATIONS

CCDG contributes to the Local Government Pension Scheme (LGPS) a defined benefit pension scheme being part of the following Pension Funds in Wales:

Fund

Rhondda Cynon Taf Pension Fund (MG) *
Powys County Council Pension Fund
Cardiff and Vale of Glamorgan Pension Fund
Rhondda Cynon Taf Pension Fund (CWA) *
Dyfed Pension Fund
Clwyd Pension Fund
Greater Gwent (Torfaen) Pension Fund
Gwynedd Pension Fund

* These are separate pension schemes within the same Pension Fund.

The date of the most recent full actuarial valuation of the above funds was carried out on the 31 March 2016 by the following Actuaries. The qualified Actuaries are not employees of CCDG.

Fund

Actuary

Rhondda Cynon Taf Pension Fund (MG)	Aon Hewitt
Powys County Council Pension Fund	Aon Hewitt
Cardiff and Vale of Glamorgan Pension Fund	Aon Hewitt
Rhondda Cynon Taf Pension Fund (CWA)	Aon Hewitt
Dyfed Pension Fund	Mercer
Clwyd Pension Fund	Mercer
Greater Gwent (Torfaen) Pension Fund	Hymans Robertson
Gwynedd Pension Fund	Hymans Robertson

As stated above, CCDG is an admitted member of eight pension schemes in Wales. The Local Government Pension Scheme (Administration) Regulations 2008 (as amended) provide the statutory framework. Each of the Schemes, that CCDG is an admitted member, is a defined benefit final salary scheme under which the benefits are specified in the governing legislation (the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)). The required levels of employee contributions are also specified in the Regulations. Updated Regulations (The Local Government Pension Scheme Regulations 2013) covering a new LGPS replaced the existing Scheme with effect from 01 April 2014 and will provide for members to accrue pension on a career average revalued earnings basis rather than final salary.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Members' accrued benefits are guaranteed by statute and the level of member contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. CCDG is responsible for paying the balance of the cost of delivering the benefits to members. Each LGPS Fund has a Funding Strategy Statement (FSS) that focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers or pools of employers pay for their own liabilities.

The FSS is prepared by the Administering Authority in collaboration with the Fund Actuary and after consultation with the Fund's employers and investment advisors. A separate strategy is produced by each of the LGPS's.

The FSS is produced in accordance with Regulation 35 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) and the guidance paper issued in October 2012 by the Chartered Institute of Public Finance and Accountancy (CIPFA) Pensions Panel.

Funding is the making of advance provision to meet the cost of accruing benefit promises. Decisions taken regarding the approach to funding will therefore determine the rate or pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary. The purpose of the FSS is:

1. to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
2. to support the regulatory requirement to maintain as nearly constant employer contribution rates as possible; and
3. to take a prudent longer-term view of funding those liabilities.

The intention is for each of the Fund's FSS to be both cohesive and comprehensive for their Fund, recognising that there will be conflicting objectives which need to be balanced and reconciled. While the position of individual employers must be reflected in the statement, it must remain a single strategy for each Administering Authority to implement and maintain.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

For the purpose of these accounts, all of the funds are disclosed separately below but have been aggregated in their impact on the Financial Statements.

The amounts recognised in the Statement of Financial Positions are as follows:

	Present Value of funded obligations	Fair Value of plan assets	Sub - total	Present Value of unfunded obligations	Surplus / (Deficit)	Net Asset / (Net Liability)
	£'000	£'000	£'000	£'000	£'000	£'000
Rhondda Cynon Taf Pension Fund (MG)	(40,257)	37,341	(2,916)	-	(2,916)	(2,916)
Powys County Council Pension Fund	(9,490)	7,500	(1,990)	-	(1,990)	(1,990)
Cardiff and Vale of Glamorgan Pension Fund	(24,450)	28,790	4,340	(70)	4,270	4,270
Rhondda Cynon Taf Pension Fund (CWA)	(1,914)	2,393	479	-	479	479
Dyfed Pension Fund	(55,073)	46,290	(8,783)	(247)	(9,030)	(9,030)
Clwyd Pension Fund	(23,837)	17,999	(5,838)	-	(5,838)	(5,838)
Greater Gwent (Torfaen) Pension Fund	(35,473)	24,696	(10,777)	-	(10,777)	(10,777)
Gwynedd Pension Fund	(28,136)	23,460	(4,676)	(35)	(4,711)	(4,711)
	(218,630)	188,469	(30,161)	(352)	(30,513)	(30,513)

Duration Information as at the end of the accounting period

The duration of the employers liabilities is the average period between the calculation date and the date at which benefit payments fall due.

LGPS Fund	MG	Powys	C&V	CWA	Dyfed	Clwyd
Years	19.6	17.8	20.5	22.5	20	20

Note that the above figures are for funded obligations only and do not include the unfunded pensioner liabilities. Two of the Funds, Gwynedd Pension Fund and Greater Gwent (Torfaen) Pension Fund actuaries Hymans Robertson do not provide the duration liabilities information.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

The aggregated impact on the Financial Statements is as follows

The amounts recognised in the statement of financial position are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Present value of funded obligations	(218,630)	(214,233)
Fair value of plan assets	<u>188,469</u>	<u>181,300</u>
	(30,161)	(32,933)
Present value of unfunded obligations	<u>(352)</u>	<u>(364)</u>
Deficit	<u>(30,513)</u>	<u>(33,297)</u>
Net liability	<u>(30,513)</u>	<u>(33,297)</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Current service cost	5,092	3,497
Past service cost (including Curtailments)	916	-
Interest cost	5,550	6,042
Expected return	(4,709)	(5,344)
	<u>6,849</u>	<u>4,195</u>
Actual return on plan assets	<u>6,753</u>	<u>33,935</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening defined benefit obligation	214,597	171,326
Current service cost	5,092	3,497
Past service cost (including Curtailments)	916	-
Contributions by scheme participants	922	965
Interest cost	5,550	6,042
Actuarial loss/(gain)	(3,410)	36,356
Benefits paid	(4,685)	(3,589)
	<u>218,982</u>	<u>214,597</u>

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Opening fair value of scheme assets	181,300	150,458
Contributions by employer	4,305	3,094
Contributions by scheme participants	922	965
Assets administration expenses	(59)	(63)
Expected return	4,709	5,344
Actuarial gain	1,977	25,091
Benefits paid	(4,685)	(3,589)
	188,469	181,300
	188,469	181,300

The amounts recognised in the statement of comprehensive income are as follows:

	Defined benefit pension plans	
	2018	2017
	£'000	£'000
Actuarial gain / (loss)	5,387	(11,265)
	5,387	(11,265)
Cumulative amount of Actuarial (loss)	(23,822)	(29,209)

The following provides details of each of the companies' actuaries assumptions and asset allocations:

Rhondda Cynon Taf Pension Fund (MG)

Principal Financial Assumptions	31-03-18	31-03-17
	(%)	(%)
Discount rate	2.6	2.6
RPI Inflation	3.2	3.1
CPI Inflation	2.1	2.0
Rate of increase to deferred pensions	2.1	2.0
Rate of increase to pensions in payment	2.1	2.0
Rate of general increase in salaries	3.35	3.25

Mortality assumptions

Based on recent actual mortality experience of members within the Fund and allow for expected Future mortality improvements.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

	31-03-18	31-03-17
Males		
Future lifetime from age 65 (aged 65 at accounting date)	22.9	22.8
Future lifetime from age 65 (aged 45 at accounting date)	25.1	25.0
Females		
Future lifetime from age 65 (aged 65 at accounting date)	25.0	24.9
Future lifetime from age 65 (aged 45 at accounting date)	27.3	27.2
	31-03-18	31-03-17
	(%)	(%)
Asset allocation		
Equities	74.8	72.6
Property	5.4	5.9
Gov Bonds	8.5	9.4
Corporate Bonds	9.4	10.0
Cash	1.9	2.1
Total	100	100

Expected contribution for accounting period ending 31 March 2019 - £1,006k

Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected service cost for the year ending 31 March 2019 is set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Funded LGPS benefits

Discount rate assumption	+0.1% p.a.	-0.1% p.a.
Adjustment to discount rate		
Present value of total obligation (£M's)	39.476	41.053
% change in present value of total obligation	-1.9%	2.0%
Projected service cost (£M's)	0.751	0.798
Approximate % change in projected service cost	-3.0%	3.1%
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	40.428	40.088
% change in present value of total obligation	0.4%	-0.4%
Projected service cost (£M's)	0.774	0.774
Approximate % change in projected service cost	0.0%	0.0%

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS – continued

Rate of increase to pensions in payment and deferred pensions assumption

	+0.1% p.a.	-0.1% p.a.
Adjustment to pension increase rate		
Present value of total obligation (£M's)	40.881	39.643
% change in present value of total obligation	1.6%	-1.5%
Projected service cost (£M's)	0.798	0.751
Approximate % change in projected service cost	3.1%	-3.0%

Post retirement mortality assumption

	-1 year	+1 year
Adjustment to mortality age rating assumption *		
Present value of total obligation (£M's)	41.469	39.054
% change in present value of total obligation	3.0%	-3.0%
Projected service cost (£M's)	0.802	0.746
Approximate % change in projected service cost	3.6%	-3.6%

**A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.*

Powys County Council Pension Fund

	31-03-18 (%)	31-03-17 (%)
Principal Financial Assumptions		
Discount rate	2.6	2.5
RPI Inflation	3.2	3.1
CPI Inflation	2.1	2.0
Rate of increase to deferred pensions	2.1	2.0
Rate of increase to pensions in payment	2.1	2.0
Rate of general increase in salaries	3.6	3.5

Mortality assumptions

Based on recent actual mortality experience of members within the Fund and allow for expected Future mortality improvements.

	31-03-18	31-03-17
Males		
Future lifetime from age 65 (aged 65 at accounting date)	23.1	23.0
Future lifetime from age 65 (aged 45 at accounting date)	24.9	24.8
Females		
Future lifetime from age 65 (aged 65 at accounting date)	25.8	25.7
Future lifetime from age 65 (aged 45 at accounting date)	27.6	27.5

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

	31-03-18 (%)	31-03-17 (%)
Asset allocation		
Equities	52.0	51.8
Property	11.9	11.9
Gov Bonds	14.3	14.8
Corporate Bonds	6.6	6.9
Cash	1.1	1.5
Other	14.1	13.1
Total	100	100

Expected contribution for accounting period ending 31 March 2019 - £120k

Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected service cost for the year ending 31 March 2019 is set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Funded LGPS benefits

	+0.1% p.a.	-0.1% p.a.
Discount rate assumption		
Adjustment to discount rate		
Present value of total obligation (£M's)	9.32	9.66
% change in present value of total obligation	-1.8%	1.8%
Projected service cost (£M's)	0.16	0.16
Approximate % change in projected service cost	-2.7%	2.7%

Rate of general increase in salaries

	+0.1% p.a.	-0.1% p.a.
Adjustment to salary increase rate		
Present value of total obligation (£M's)	9.52	9.46
% change in present value of total obligation	0.3%	-0.3%
Projected service cost (£M's)	0.16	0.16
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

	+0.1% p.a.	-0.1% p.a.
Adjustment to pension increase rate		
Present value of total obligation (£M's)	9.63	9.35
% change in present value of total obligation	1.5%	-1.5%
Projected service cost (£M's)	0.16	0.16
Approximate % change in projected service cost	2.7%	-2.7%

Post retirement mortality assumption

	-1 year	+1 year
Adjustment to mortality age rating assumption *		
Present value of total obligation (£M's)	9.78	9.21
% change in present value of total obligation	3.0%	-3.0%
Projected service cost (£M's)	0.17	0.15
Approximate % change in projected service cost	3.7%	-3.6%

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

**A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.*

Cardiff and Vale of Glamorgan Pension Fund

	31-03-18	31-03-17
Principal Financial Assumptions	(%)	(%)
Discount rate	2.6	2.6
RPI Inflation	3.2	3.1
CPI Inflation	2.1	2.0
Rate of increase to deferred pensions	2.1	2.0
Rate of increase to pensions in payment	2.1	2.0
Rate of general increase in salaries	3.1	3.0

Mortality assumptions

Based on recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

	31-03-18	31-03-17
Males		
Future lifetime from age 65 (aged 65 at accounting date)	23.1	23.0
Future lifetime from age 65 (aged 45 at accounting date)	24.2	24.0
Females		
Future lifetime from age 65 (aged 65 at accounting date)	25.8	25.7
Future lifetime from age 65 (aged 45 at accounting date)	27.2	27.1

	31-03-18	31-03-17
Asset allocation	(%)	(%)
Equities	66.5	78.1
Property	6.3	6.3
Gov Bonds	15.4	8.5
Corporate Bonds	10.4	5.8
Cash	1.4	1.5
Other	0.0	-0.2
Total	100	100

Expected contribution for accounting period ending 31 March 2019 - £370k

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected service cost for the year ending 31 March 2019 is set out below. In each case, only the assumption mentioned is altered. We have not included sensitivity of unfunded benefits on materiality grounds.

Funded LGPS benefits

Discount rate assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	23.95	24.96
% change in present value of total obligation	-2.0%	2.1%
Projected service cost (£M's)	0.70	0.74
Approximate % change in projected service cost	-3.2%	3.3%
Rate of general increase in salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	24.58	24.32
% change in present value of total obligation	0.5%	-0.5%
Projected service cost (£M's)	0.72	0.72
Approximate % change in projected service cost	0.0%	0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	24.83	24.08
% change in present value of total obligation	1.5%	-1.5%
Projected service cost (£M's)	0.74	0.70
Approximate % change in projected service cost	3.3%	-3.2%
Post retirement mortality assumption		
Adjustment to mortality age rating assumption *	-1 year	+1 year
Present value of total obligation (£M's)	25.19	23.72
% change in present value of total obligation	3.0%	-3.0%
Projected service cost (£M's)	0.75	0.69
Approximate % change in projected service cost	3.6%	-3.6%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Rhondda Cynon Taf Pension Fund (CWA)

Principal Financial Assumptions	31-03-18 (%)	31-03-17 (%)
Discount rate	2.6	2.6
RPI Inflation	3.1	3.1
CPI Inflation	2.0	2.0
Rate of increase to deferred pensions	2.0	2.0
Rate of increase to pensions in payment	2.0	2.0
Rate of general increase in salaries	3.25	3.25

Mortality assumptions

Based on recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

	31-03-18	31-03-17
Males		
Future lifetime from age 65 (aged 65 at accounting date)	22.9	22.8
Future lifetime from age 65 (aged 45 at accounting date)	25.1	25.0
Females		
Future lifetime from age 65 (aged 65 at accounting date)	25.0	24.9
Future lifetime from age 65 (aged 45 at accounting date)	27.3	27.2

	31-03-18 (%)	31-03-17 (%)
Asset allocation		
Equities	74.8	72.6
Property	5.4	5.9
Gov Bonds	8.5	9.4
Corporate Bonds	9.4	10.0
Cash	1.9	2.1
Other	-	-
Total	<u>100</u>	<u>100</u>

Expected contribution for accounting period ending 31 March 2019 - £20k

Sensitivity analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected service cost for the year ending 31 March 2019 is set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Funded LGPS benefits

Discount rate assumption	+0.1% p.a.	-0.1% p.a.
Adjustment to discount rate		
Present value of total obligation (£M's)	1.871	1.958
% change in present value of total obligation	-2.2%	2.3%
Projected service cost (£M's)	0.024	0.026
Approximate % change in projected service cost	-4.1%	4.2%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	1.918	1.910
% change in present value of total obligation	0.2%	-0.2%
Projected service cost (£M's)	0.025	0.025
Approximate % change in projected service cost	0.0%	0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£M's)	1.953	1.876
% change in present value of total obligation	2.0%	-2.0%
Projected service cost (£M's)	0.026	0.024
Approximate % change in projected service cost	4.2%	-4.1%

Post retirement mortality assumption

Adjustment to mortality age rating assumption *	-1 year	+1 year
Present value of total obligation (£M's)	1.971	1.858
% change in present value of total obligation	3.0%	-2.9%
Projected service cost (£M's)	0.026	0.024
Approximate % change in projected service cost	3.7%	-3.7%

*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

Dyfed Pension Fund

Financial assumptions	Beginning of period (%)	End of period (%)
Rate of CPI inflation	2.3	2.1
Rate of increase in salaries	3.8	3.6
Rate of increase in pensions	2.3	2.2
Discount rate	2.6	2.7

Mortality assumptions

Non Retired members	97% males	97%males
	90% females	90% females
Retired members	97% males	97% males
	90% females	90% females

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Life expectancy of a male (female)		
Future pensioner aged 65	25(27.8) years	25.1 (27.9) years
Current pensioner aged 65	22.8 (25.5) years	22.9 (25.6) years

Expected contribution for accounting period ending 31 March 2019 - £560k

Sensitivity analysis

Disclosure item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	£'000	£'000	£'000	£'000	£'000
		+ 0.1% p.a. discount <i>rate</i>	+ 0.1% p.a. inflation	+ 0.1% p.a. pay growth	1 year increase in life <i>expectancy</i>
Liabilities	55,320	54,218	56,444	55,555	56,394
Assets	(46,290)	(46,290)	(46,290)	(46,290)	(46,290)
Deficit/(Surplus)	9,030	7,928	10,154	9,265	10,104
Projected Service Cost for next year	1,148	1,115	1,183	1,148	1,173
Projected Net Interest Cost for next year	236	214	267	243	265

Clwyd Pension Fund

Financial assumptions	Beginning of period (%)	End of period (%)
Rate of CPI inflation	2.3	2.1
Rate of increase in salaries	3.55*	3.35*
Rate of increase in pensions	2.3	2.2
Discount rate	2.6	2.7

* An adjustment has been made for short term pay restraint in line with the latest actuarial valuation

Mortality assumptions

Non Retired members	99% males	99% males
	86% females	86% females
Retired members	99% males	99% males
	90% females	90% females
Life expectancy of a male (female)		
Future pensioner aged 65	25.6 (28.2) years	25.7 (28.3) years
Current pensioner aged 65	23 (25.5) years	23.1 (25.6) years

Expected contribution for accounting period ending 31 March 2019 - £349k

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Sensitivity analysis

Disclosure item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	£000s	+ 0.1% p.a. discount rate £000s	+ 0.1% p.a. inflation £000s	+ 0.1% p.a. pay growth £000s	1 year increase in life expectancy £000s
Liabilities	23,837	23,373	24,310	23,921	24,300
Assets	(17,999)	(17,999)	(17,999)	(17,999)	(17,999)
Deficit/(Surplus)	5,838	5,374	6,311	5,922	6,301
Projected Service Cost for next year	390	379	403	390	399
Projected Net Interest Cost for next year	153	146	166	155	165

Greater Gwent (Torfaen) Pension Fund

Financial assumptions	31-03-18	31-03-17
	% p.a.	% p.a.
Pension increase rate	2.4	2.4
Salary increase rate	2.8	2.8
Discount rate	2.7	2.6

Mortality

Average future life expectancy at age 65	Males	Females
Current pensioners	21.5 years	23.9 years
Future pensioners	23.6 years	26.1 years

Expected contribution for accounting period ending 31 March 2019 - £745k

Sensitivity analysis

Changes in assumptions at 31-03-18	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
0.5% decrease in Real Discount Rate	12%	4,152
0.5% increase in the Salary Increase Rate	2%	840
0.5% increase in the Pension Increase Rate	9%	3,240

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
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17. EMPLOYEE BENEFIT OBLIGATIONS - continued

Gwynedd Pension Fund

Financial assumptions	31-03-18	31-03-17
	% p.a.	% p.a.
Pension increase rate	2.4	2.4
Salary increase rate	2.4	2.4
Discount rate	2.7	2.6

Mortality

Average future life expectancy at age 65	Males	Females
Current pensioners	22.0 years	24.2 years
Future pensioners	24.0 years	26.4 years

Expected contribution for accounting period ending 31 March 2019 - £455k

Sensitivity analysis

	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
Changes in assumptions at 31.03.18		
0.5% decrease in Real Discount Rate	13%	3,561
0.5% increase in the Salary Increase Rate	3%	742
0.5% increase in the Pension Increase Rate	10%	2,758

Amounts for the current and previous period are as follows:

	2018 £'000	2017 £'000
Aggregate defined benefit pension plans		
Defined benefit obligation	(218,982)	(214,597)
Fair value of scheme assets	188,469	181,300
Deficit	<u>(30,513)</u>	<u>(33,297)</u>

18. EVENTS AFTER THE REPORTING PERIOD

The Financial Statements were authorised for issue by the Board of Directors on 7 June 2018. The Welsh Government have the power to amend the Financial Statements after issue. Mr K G Bowd resigned as Chief Executive on 31 May 2018. Mrs N J Lawrence took over as the interim Chief Executive on 1 June 2018.

19. SHARE CAPITAL

The company is limited by guarantee with all Directors agreeing to contribute the sum of £1 in the event of the company being wound up.

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2018

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2018**

20. GOING CONCERN

The Financial Statements currently show that the company has negative reserves of £24.4m. The primary reason for the negative reserves is the pension deficit of £30.5m. This deficit is an estimate of the expected shortfall of assets over liabilities in the pension funds. It is not expected that significant additional pension contributions will be required in the short term and therefore it is the view of the Directors that the company continues to be a going concern.

The Directors are aware that in 2018-19 the Welsh Government core funding will reduce slightly in comparison to 2017-18.

21. CAPITAL COMMITMENTS

Purchase orders to the value of £132k (2017:£224k) have been raised for capital expenditure relating to restyling the website £7k (2017:£97k) and licences £125k (2017:£127k) to allow careerswales.com website users to access labour market information and also a licence to monitor photocopier usage.

22. RELATED PARTY

CCDG is a wholly owned subsidiary of the Welsh Government, and therefore the Welsh Government is regarded as a related party. During the year, CCDG received income from the Welsh Government of £23.95m (2017:£26.76m) and made payments of £1k (2017:£539k) to Welsh Government. At the year end, CCDG was owed £1.847m (2017:£3.493m) including VAT by the Welsh Government.

During the year, CCDG entered into transactions with organisations in which the following Directors and Senior Management employees have declared an interest.

Director	Body	Invoices Raised by CCDG	Nature of link
Mr I. Prys-Jones	North Wales Economic Ambition Board	£54,264	Consultant

Director	Body	Invoices Received by CCDG	Nature of link
Mr I. Prys-Jones	North Wales Economic Ambition Board	£1,000	Consultant

Director	Body	Invoices Received by CCDG	Nature of link
Miss S. Jones	Tinopolis	£32,586	Executive Producer

Director	Body	Invoices Received by CCDG	Nature of link
Dr. D. Evans-Williams	Swansea University	£2,500	Trustee

Senior Management	Body	Invoices Received by CCDG	Nature of link
Mrs S. Finnegan-Dehn	Career Development Institute	£43,170	Director of CDI

Of the amount stated above in respect of the North Wales Economic Ambition Board, £13,621 excluding VAT was owed to CCDG at the year end.