

REGISTERED NUMBER: 07442837 (England and Wales)

# **Career Choices Dewis Gyrfa Ltd**

## **Strategic Report, Directors Report and Financial Statements**

For The Year Ended 31 March 2019



CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

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FOR THE YEAR ENDED 31 MARCH 2019**

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CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**COMPANY INFORMATION**

**DIRECTORS:**

Mr I Prys-Jones  
Mrs E Richards  
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:**

Mr W Piper

**REGISTERED OFFICE:**

53 Charles Street  
Cardiff  
CF10 2GD

**REGISTERED NUMBER:**

07442837 (England and Wales)

**AUDITORS:**

Auditor General for Wales

## STRATEGIC REPORT

The Directors present their strategic report of the company for the year ended 31 March 2019.

### 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 continue to implement the company's 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 Welsh Language and Lifelong Learning 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 2018-19 the remit letter focused on the following areas:

- Continue to drive the priorities established in the "Changing Lives" vision including the 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



Yearly face-to-face interviews



2018-2019

- 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.

## Telephone calls to our helpline

**31,405**



2017-2018

**30,339**



2018-2019

- Digital Services – CCDG will progress digital transformation setting clear milestones for the delivery of a new digital platform and its associated infrastructure.
- Further Education Institutions – CCDG will offer a digital first solution for post-16 learners.
- Engaging business – CCDG will facilitate and support a range of work activities.

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

### **Strategic Projects**

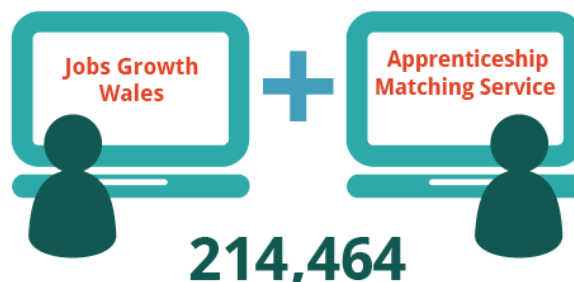
1. Individual Skills Gateway - This project allows unemployed individuals aged 18 plus to receive professional help and support from Careers Advisers to support them to achieve their career goals and overcome barriers to employment. CCDG help individuals find training and courses suited to their needs.

#### **Face-to-face interviews**

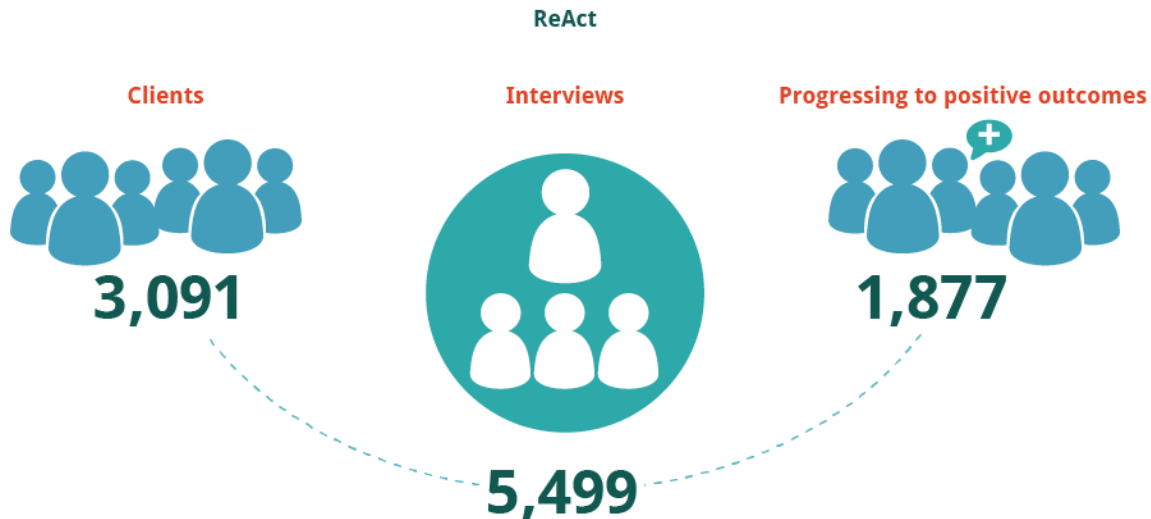


2. Apprenticeship Matching Service – CCDG provide a free on-line recruitment process to help employers find suitable apprentices and aspiring apprentices to find opportunities in a business that is right for them. All Welsh Government funded apprenticeship programmes are accessed through careers wales.com.
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.

#### **Website users accessing**



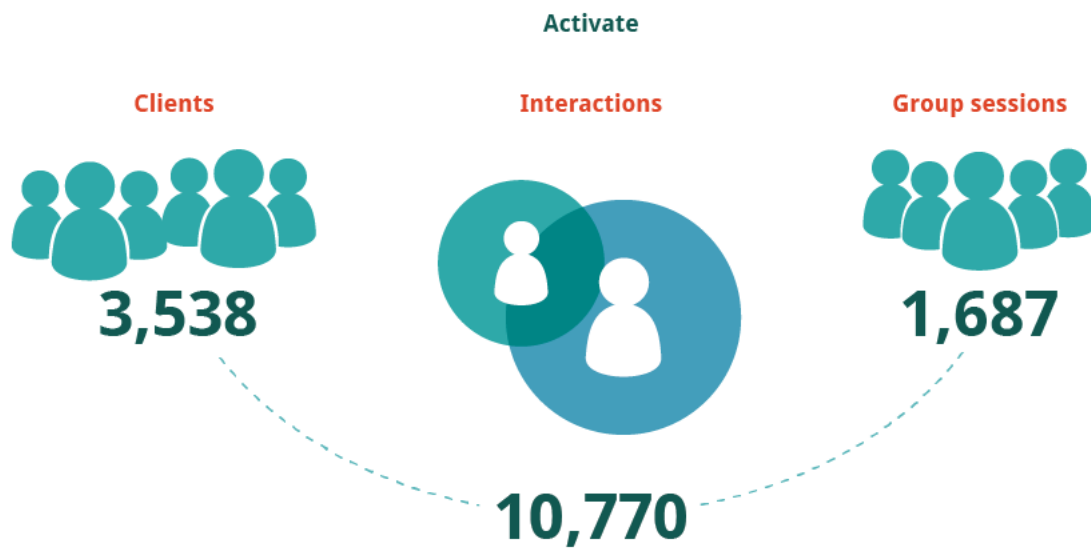
4. ReAct - redundancy and support services are available to individuals who have been made redundant or are under the threat of redundancy. Support is available for eligible applicants to increase their skills and remove barriers to learning, or returning to work. All applicants have their training needs 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.



### **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 2018-19**

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 2018-19 Business Plan would continue with a set of performance indicators against which Welsh Government would monitor the impact of the organisation. The following are the KPI's for 2018-19:

1. A minimum of 75% of school-age clients report an increased understanding of LMI as a result of attendance at a CW LMI session;
2. Reduction in the number of young people entering Tier 3 as their first destination on leaving school;
3. 70% of 16-17 year-old Tier 3 leavers progress to Employment, Education or training (EET);
4. 70% of Year 11 clients will report an increase in their motivation, confidence and resilience;
5. A minimum of 75% of school-age clients who attend a CW opportunity-awareness raising event report an increased understanding of all their pathways;
6. In a survey of all secondary schools, 70% give a customer satisfaction rating of good or better for the Account Executive role;
7. 70% of secondary schools give a customer satisfaction of good or better for our role in helping develop stronger, more effective partnership between secondary schools and employers to help prepare young people for the world of work.



## Achievements

### **KPI 1: A minimum of 75% of school-age clients report an increased understanding of LMI as a result of attendance at a CW LMI session.**

CCDG met the requirements of KPI1. In a sample of year 10 pupils attending an activity on 'Future Work in Wales' delivered by Careers Wales, 86% of respondents to an evaluation questionnaire reported the LMI session had helped them to understand more about the labour market. This exceeded the minimum target of 75%.

### **KPI 2: Reduction in the number of young people entering Tier 3 as their first destination on leaving school.**

CCDG met the requirements of KPI2.

In 2017 the number of young people entering Tier 3 as their first destination on leaving school stood at 924.

In 2018 the number of young people entering Tier 3 as their first destination on leaving school stood at 303.

### **KPI 3: 70% of 16-17 year-old Tier 3 leavers progress to Employment, Education or training (EET).**

CCDG achieved 64% against KPI3. Careers Wales takes the lead in working with 16 & 17 year-olds who have left school and are unemployed and actively seeking work, training or a return to education (NEET, Tier 3). It is our role to support these young people back into employment, education or training (EET, Tier 4 and 5).

21.13% of Tier 3 Leavers were referred to Tier 2 support (those who are unable to access education, employment and training due to various barriers). This referral was a more appropriate referral than remaining in Tier 3 or moving to Tier 4 and 5 for these young people to address the issues that are preventing them from entering employment, education and training. Once those barriers are addressed the young person should be in a better position to access EET. This is the main reason that the achievement was not higher than 64%.

### **KPI 4: 70% of Year 11 clients will report an increase in their motivation, confidence and resilience.**

CCDG have achieved KPI4. Careers Wales provides guidance services to young people in education to help them to develop their career management skills in order to support them to make a successful transition to their next step after Year 11. The KPI aims to establish whether clients have increased motivation, confidence and resilience in order to participate successfully in employment, education and training.

A sample of year 11 pupils who had received services from Careers Wales were asked whether the service they had received had improved their motivation and confidence:

*"the service I have received from Careers Wales has improved my confidence and motivation (I am happy with my choices and I understand what I need to do to achieve my career goals)."*

A total of 77.5% responded positively to this question therefore the KPI for motivation and confidence has been met.

In order to measure whether there is an increase in pupils' resilience the sample were also asked:

*'If your plans for after Year 11 don't quite work out, how do you feel about being able to seek out support to help you get back on track?'*

A total of 83% of the sample responded positively to the question therefore, Careers Wales achieved the criteria for KPI 4.

**KPI 5: A minimum of 75% of school-age clients who attend a CW opportunity-awareness raising event report an increased understanding of all their pathways.**

CCDG achieved the criteria for KPI 5. In a sample of year 11 pupils attending a group activity with a focus on Opportunity Awareness – Parity of Esteem delivered by Careers Wales, 87% of respondents to an evaluation questionnaire reported the session had helped them to understand more about what apprenticeships are, who can apply for them and where to apply for them.

In addition, Careers Wales offers schools high visibility events to help prepare young people for the world of work. Pupils who participated in the activities were asked to complete an evaluation questionnaire, 96.6% responded positively to the question:

*“To what extent has this event improved your knowledge of opportunities available locally and throughout Wales?”*

**KPI 6: In a survey of all secondary schools, 70% give a customer satisfaction rating of good or better for the Account Executive role.**

CCDG achieved the criteria for KPI6. Careers Wales uses the broad range of expertise available within the different delivery teams to offer services to schools. Careers Advisers, in the Account Executive role, are pivotal to the effective co-ordination of those services.

All secondary schools were invited to complete a survey designed to establish the effectiveness of the role of the Account Executive.

98.4% of the secondary schools who responded gave a customer satisfaction rating of good or better for the account executive role.

**KPI 7: 70% of secondary schools give a customer satisfaction of good or better for our role in helping develop stronger, more effective partnership between secondary schools and employers to help prepare young people for the world of work.**

CCDG achieved the criteria for KPI7. Careers Wales works with a wide network of partners to support our customers to achieve successful outcomes. The survey was designed to establish the effectiveness of our role in creating and developing stronger partnerships with secondary schools and employers.

All secondary schools were invited to complete a survey designed to establish the effectiveness of partnership working.

81% of the secondary schools who responded gave a customer satisfaction rating of good or better for our role in helping develop stronger, more effective partnership between secondary schools and employers to help prepare young people for the world of work.

**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 £33.3m. The primary reason for these negative reserves is the net pension deficit of £39.4m. This deficit is an estimate of the expected shortfall of assets over liabilities in the CCDG Local Government Pension Schemes funds.

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.

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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 2018-19 period:

Item	£m
Agreed WG core income funding	18.9
Allowable carry over - 3%	0.6
Year end Cash and cash equivalents	0.5

The principal source of income for CCDG is the Welsh Government and during the year the total income from Welsh Government was £24.7m. Following a visit from HMRC VAT inspectors the decision was made to classify all income received from the Welsh Government as grant income. This resulted in the VAT we paid in the year (£1,834k) being refunded by HMRC. We issued a credit note to the Welsh Government for the VAT received in the year (£2,609k). We estimated that the loss of VAT status had a negative effect on cashflow circa £1m. The Welsh Government made a £750k contribution to reduce this loss.

## FUTURE DEVELOPMENTS

During this financial year CCDG has started the implementation of the second of a three year 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 final year of its three year strategic vision. This continues the belief that CCDG can add the greatest value to customers of 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.

During 2018-19, CCDG's work with adults was largely limited to non-core contracts with Welsh Government to run the Skills Gateway for Adults (targeted at unemployed adults) and the ReAct and Access programmes (targeted at redundancies). CCDG also began to deliver the Working Wales contract from the 1 February – 31 March 2019. Next year we will be delivering the first full year of the Welsh Government's 'Working Wales' programme. 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. Working Wales will be the new program for Careers Wales support for Adults and will enable the company to work with all customers needing their support. During 2019-20 we will also continue to support legacy programmes such as ReAct, Access and Jobs Growth Wales until the Welsh Government's new Employability Programme 'Job Support Wales' takes their place in April 2020. 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 2019-20 expects the Welsh Government income to be £29m. As shown in the table below, this includes funding for specified projects to the value of £10.1m.

Funding Source	£m
Welsh Government – Core	18.9
Welsh Government – Working Wales	9.2
Welsh Government – Vat contribution	0.75
Welsh Government - projects	0.15
<b>Sub-total Welsh Government</b>	<b>29.0</b>
European Funding – ESF	1.8
Other contract Income	0.3
<b>Estimated total income 2019-20</b>	<b>31.1</b>

**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 cash flow,
- Implementation of the transformation ambition ,
- Implementation of the new careerswales.gov.wales.

These risks are expanded below:

<b>Risk area</b>	<b>Main Risk(s)</b>
<b>Operational and Strategic risks</b>	<ul style="list-style-type: none"> <li>• Failure to continue to effectively manage the preferred operational model detailed in the Changing Lives vision.</li> </ul>
<b>Financial risks</b>	<ul style="list-style-type: none"> <li>• Cash flow management due to reduction in available cash.</li> </ul>
<b>Information/ Digital risks</b>	<ul style="list-style-type: none"> <li>• Ensuring successful roll out of new website and its development.</li> <li>• Roll out and resourcing of digital transformation.</li> </ul>

**ON BEHALF OF THE BOARD:**

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

Date: .....

## **DIRECTORS REPORT**

The Directors present their report with the Financial Statements of the company for the year ended 31 March 2019. 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 2019.

### **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 2018 to the 31 March 2019:

Mr I Prys-Jones  
Mrs E Richards  
Mr R A Wright  
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  
Miss K Luckock  
Mrs N J Lawrence

Changes in Directors holding office are as follows:

Mr K G Bowd – resigned 31 May 2018

Miss K Luckock – resigned 30 June 2018

Mrs N J Lawrence – appointed 1 June 2018

Mrs N J Lawrence was appointed on the 1 June 2018 as interim Chief Executive following the resignation of Mr K G Bowd on the 31 May 2018. All the Directors, other than Mr K G Bowd and Mrs N J Lawrence, are non-executive Directors and are unpaid. As well as being Directors of CCDG, Mr K G Bowd and Mrs N J Lawrence 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. The post of Chairs of the committees are also remunerated at the daily rate of £256 per committee.

### **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 2020. 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 2018-19 was £18.9m, and they have confirmed the level of core funding for 2019-20 will be £18.9m.

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 2018-19 period CCDG has a positive cash balance of £477k therefore credit, liquidity and cashflow are not considered to be a material risk.

## **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. Our environmental strategy is underpinned by Welsh Government legislation and policies. To help us achieve this aim we 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.

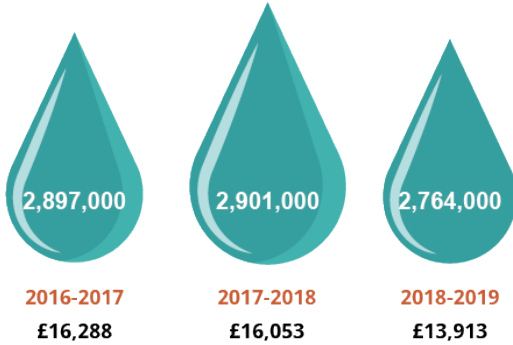
### **How we manage the process**

CCDG's aim is to seek continued improvement in the process by which we manage our environmental impact. We have established two committees which has oversight of the monitoring and reporting requirements within our governance structure. The Green Team is responsible for overseeing the auditing and production of the monitoring data and they report directly to the Senior Management Team. The Well Being of Future Generations Committee has responsibility for setting the strategic direction for the environment and also biodiversity.

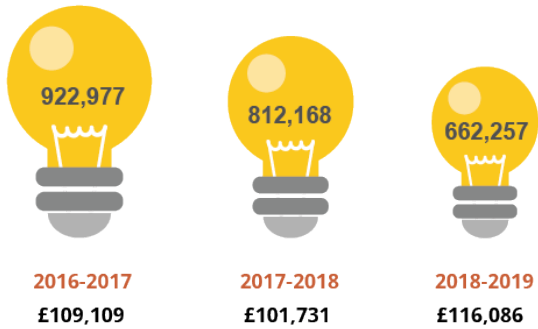
## Environmental Performance

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 26 offices that are fully under our control and where we receive invoices directly from the energy supplier. We have included data from the Port Talbot office that closed part way through the year.

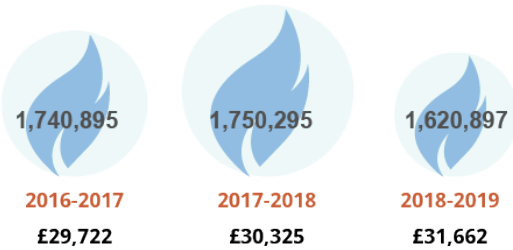
### Water (Litres)



### Electricity (kwh)



### Gas (kwh)



### Greenhouse gases (CO2 tonnes)



### Business (Miles)



	2016-2017	2017-2018	2018-2019
Water ( Litres)	2,897,000	2,901,000	2,764,000
Business Miles	846,956	789,422	890,964
Electricity kwh	922,977	812,168	662,257
Gas KHW	1,740,895	1,750,295	1,620,897
Greenhouse gases CO2 tonnes	928	870	765
Financial costs	£	£	£
Gas	29,722	30,325	31,662
Electricity	109,109	101,731	116,086
Water	16,288	16,053	13,913

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We exceeded all our targets for last year - we achieved a 12% decrease in our emissions from 870 tonnes to 765 tonnes and we also achieved green dragon level 4 for the whole company. Our policy throughout the year was to invest in two owned properties to ensure that they are at maximum efficiency. We have invested in new lighting, energy efficient boilers and water saving devices as well as reviewing our IT infrastructure. We will invest in another two owned properties in the next financial year. Due to changes within the staffing structure we had a significant increase in business mileage. In the next financial year we are unlikely to achieve a reduction in the total number of business miles travelled or energy usage going forward. Therefore, in next year's report we will continue to measure total CO2 emissions but our comparators will be based on CO2 emissions per staff member. To meet our objectives within the requirements of the Well Being of Future Generations Act we are placing a greater emphasis on biodiversity, with each office having a biodiversity plan.



## 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 2019. 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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YEAR ENDED 31 MARCH 2019

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

**MEMBERSHIP AND ATTENDANCE RECORD 2018-19**

**Meetings of the Board of Directors**

	07/06/18	30/08/18	15/11/18	14/03/19	Attendance
Dr D Evans-Williams (Chair)	✓	✓	✓	×	3/4 75%
Mr R A Wright	✓	✓	✓	✓	4/4 100%
Mrs E Richards	✓	×	✓	×	2/4 50%
Mr I Prys-Jones	✓	✓	✓	✓	4/4 100%
Miss K Luckock	×	✓			1/2 50%
Mrs L A Teichner	×	✓	×	✓	2/4 50%
Miss E Harris	✓	×	✓	✓	3/4 75%
Prof S Maguire	✓	×	✓	✓	3/4 75%
Mr R C Francis	✓	✓	✓	✓	4/4 100%
Miss S Jones	×	×	✓	×	1/4 25%
Mr D A Dowling	×	✓	✓	✓	3/4 75%
Chief Executive	✓	✓	✓	✓	4/4 100%

**CAREER CHOICES DEWIS GYRFA LTD**

**YEAR ENDED 31 MARCH 2019**

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**

	<b>31/05/18</b>	<b>12/07/18</b>	<b>13/09/18</b>	<b>17/01/19</b>	<b>08/03/19</b> (additional Meeting)	<b>Attendance</b>
Mr I Prys-Jones (Chair)	✓	✓	✓	✓	x	4/5 80%
Mrs E Richards	✓	✓	✓	✓	✓	5/5 100%
Mr R A Wright	✓	✓	✓	✓	✓	5/5 100%
Chief Executive	✓	✓	✓	✓	✓	5/5 100%
Director of Corporate Services	✓					1/1 100%
Head of Finance & Estates	✓	✓	✓	✓	✓	5/5 100%
WAO (External Auditors)	✓	✓	✓	✓		4/5 80%
TIAA (Internal Auditors)	✓	✓	✓	✓		4/5 80%

**People Matters Committee**

	<b>03/05/18</b>	<b>06/08/18</b>	<b>07/11/18</b>	<b>28/02/19</b>	<b>Attendance</b>
Miss K Luckock (Chair)	✓	✓			2/2 100%
Miss E Harris (Chair)	✓	✓	✓	✓	4/4 100%
Mrs L A Teichner	✓	✓	✓	✓	4/4 100%
Chief Executive	✓	✓	✓	✓	4/4 100%
Director of Corporate Services	✓				1/1 100%

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**Performance & Impact Committee**

	10/05/18	10/08/18	04/10/18	28/02/19	Attendance
Mr D A Dowling (Chair)	✓	✓	✓	✓	4/4 100%
Miss S Jones	✓	✓	x	x	2/4 50%
Prof S Maguire	x	✓	✓	✓	3/4 75/%
Mr R C Francis	x	x	✓	x	1/4 25%
Chief Executive	✓	✓	✓	✓	4/4 100%
Director of Client Services	✓	✓	x	✓	3/4 75%
Director of Business Development		✓	✓	✓	3/3 66.6%

### **Finance, Audit and Risk Committee**

The Committee consists of three 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 four 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 four 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.

### **The Senior Management Team**

The new SMT structure has been embedded within the year.

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 4.2% of productive working days to sickness absence (4.7% 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.
- Early occupational health referrals for cases of mental ill health.
- Work with the recognised trade union on absence initiatives.
- 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.
- Proactive health and wellbeing strategies that have led to achieving the Corporate Health Standard Bronze Award.

### **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 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, governance and risk management, data assurance and information governance, anti-fraud arrangements, key financial 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 2018-19 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**

**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: .....



## **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 2019 which comprise the Statement of Profit or 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, 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 2019 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:

- 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](http://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.

Adrian Crompton

24 Cathedral Road  
Auditor General for Wales  
Cardiff  
CF11 9LJ  
September 2019

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 MARCH 2019**

		2019 £'000	2018 £'000
	Notes		
<b>CONTINUING OPERATIONS</b>			
Revenue	2	27,015	26,429
Administrative expenses		(30,569)	(27,443)
Loss arising on property related items	1	(32)	(2)
<b>OPERATING (LOSS) BEFORE COST OF FUNDAMENTAL REORGANISATION</b>		(3,586)	(1,016)
Exceptional items	4	-	(533)
<b>OPERATING (LOSS)</b>		(3,586)	(1,549)
Finance costs	5	(5,816)	(5,555)
Finance income	5	5,038	4,717
<b>(LOSS) BEFORE TAX</b>		(4,364)	(2,387)
Tax expense	7	(3)	(2)
<b>(LOSS) FOR THE YEAR</b>		(4,367)	(2,389)
(Loss) attributable to: Owners of the company		(4,367)	(2,389)

The notes from page 31 to page 59 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

		2019 £'000	2018 £'000
	Notes		
<b>(LOSS) FOR THE YEAR</b>		(4,367)	(2,389)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Revaluation Surplus	12	-	241
Actuarial (Loss)/Gain on pension scheme	17	(4,519)	5,387
		<hr/>	<hr/>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<hr/> (4,519) <hr/>	<hr/> 5,628 <hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<hr/> (8,886) <hr/>	<hr/> 3,239 <hr/>
Total comprehensive income attributable to: Owners of the company		<hr/> (8,886) <hr/>	<hr/> 3,239 <hr/>

The notes from page 31 to page 59 form part of the Financial Statements

## CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**STATEMENT OF FINANCIAL POSITION  
31 MARCH 2019**

	Notes	2019 £'000	2018 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	2,575	2,734
Intangible assets	9	<u>1,064</u>	<u>282</u>
		<u>3,639</u>	<u>3,016</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	10	3,833	3,463
Cash and cash equivalents	11	<u>477</u>	<u>2,839</u>
		<u>4,310</u>	<u>6,302</u>
<b>TOTAL ASSETS</b>			
		<u>7,949</u>	<u>9,318</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Pension liability	17	39,423	30,513
Trade and other payables	13	10	16
		<u>39,433</u>	<u>30,529</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,839	3,071
Provisions	15	-	156
Tax payable	7	<u>3</u>	<u>2</u>
		<u>1,842</u>	<u>3,229</u>
<b>TOTAL LIABILITIES</b>			
		<u>41,275</u>	<u>33,758</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>			
		<u>(33,326)</u>	<u>(24,440)</u>
<b>EQUITY</b>			
Revaluation reserve	12	241	241
Retained earnings	12	<u>(33,567)</u>	<u>(24,681)</u>
<b>TOTAL EQUITY</b>			
		<u>(33,326)</u>	<u>(24,440)</u>

For the year ended 31 March 2019, 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 59 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	Retained Earnings £'000	Revaluation Reserve £'000	Total Equity £'000
<b>Balance at 1 April 2017</b>	(27,679)	-	(27,679)
<b>Changes in Equity</b>			
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>
<b>Balance at 31 March 2018</b>	<u>(24,681)</u>	<u>241</u>	<u>(24,440)</u>
<b>Changes in Equity</b>			
Loss for the year	(4,367)	-	(4,367)
Actuarial Loss	<u>(4,519)</u>	<u>-</u>	<u>(4,519)</u>
<b>Balance at 31 March 2019</b>	<u>(33,567)</u>	<u>241</u>	<u>(33,326)</u>

The notes from page 31 to page 59 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		(551)	559
Interest paid	5	(5)	(5)
Tax paid	7	<u>(3)</u>	<u>(2)</u>
Net cash from operating activities		<u>(559)</u>	<u>552</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	9	(1,766)	(250)
Purchase of property, plant and equipment	8	(52)	(121)
Interest received	5	<u>15</u>	<u>8</u>
Net cash from investing activities		<u>(1,803)</u>	<u>(363)</u>
<b>Cash flows from financing activities</b>		-	-
<b>Increase / (Decrease) in cash and cash equivalents</b>		(2,362)	189
<b>Cash and cash equivalents at beginning of year</b>	11	<u>2,839</u>	<u>2,650</u>
<b>Cash and cash equivalents at end of year</b>	11	<u><u>477</u></u>	<u><u>2,839</u></u>

The notes from page 31 to page 59 form part of the Financial Statements

CAREER CHOICES DEWIS GYRFA LTD

YEAR ENDED 31 MARCH 2019

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019**

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

	Notes	2019 £'000	2018 £'000
(Loss) before corporation tax and interest		(4,374)	(2,390)
Depreciation and Property Impairment	8	211	175
Amortisation and Impairment charge	9	984	462
Interest on pension scheme liabilities	5	5,811	5,550
Expected return on pension scheme assets	5	(5,023)	(4,709)
		<u>(2,391)</u>	<u>(912)</u>
 (Increase)/Decrease in trade and other receivables	10	 (370)	 1,580
Increase/(Decrease) in provisions	15	(156)	(61)
Increase/(Decrease) in trade and other payables	13	(1,238)	(1,810)
Difference between pension charge and cash contributions		<u>3,604</u>	<u>1,762</u>
 <b>Cash generated from operations</b>		 <u><b>(551)</b></u>	 <u><b>559</b></u>



31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019****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 IFRS16 Leases which will apply from 2021-2022. We are unable to reasonably quantify the impact of the new standard at this stage.

**Revenue recognition**

Following a review by HMRC, CCDG can no longer reclaim VAT on Welsh Government contracts as the revenue is now classified as grant funding. Therefore, we have amended our current accounting policy to take account of this. This funding is recognised according to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance requirements – the grant is matched in the relevant period with the expense that they are intended to compensate, any unspent grant will be deferred or returned to the Welsh Government. Grants relating to capital assets (tangible or intangible) will be recognised in the Statement of Profit and Loss over the useful life of the asset. Until the expense is recognised the grant will be treated as deferred grant income. Grant status was recognised as of April 2018 therefore there is not any effect on prior periods. European Social Funding grants are treated differently, we recognise this income on a month by month basis to compensate the related costs.

Income from contracts will be recognised in the accounts when the invoice is raised. We have undertaken a review of income from 2017/18 to determine if IFRS 15 – Revenue from Contracts with Customers had any effect on the stated income. The review highlighted no areas that required restating.

**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**

A contingent liability will be recorded in the accounts if either of the following conditions are met:

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity; or
- b) a present obligation that arises from past events but is not recognised because:
  - i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii) the amount of the obligation cannot be measured with sufficient reliability

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES – continued**

We will make a disclosure in the accounts when there is a possible obligation or a present obligation that may but probably will not, require an outflow of resources

**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 which have a useful life of more than one period 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.

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. The last revaluation took place in March 2018 by Hirons, 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. In each financial year we undertake an assessment of all assets to determine if there are any impairments required. A review of the land and buildings by Hirons & Yapp identified a change in the value of the property in Bangor and Wrexham resulting in an impairment charge in the Statement of Profit and Loss to the value of £32k.

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019****1. ACCOUNTING POLICIES – continued****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.

**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.

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**1. ACCOUNTING POLICIES – continued**

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 £18.9m in the next financial year for CCDG.

**2. REVENUE**

	2019 £'000	2018 £'000
Welsh Government – Core	18,944	19,050
Welsh Government – other income	5,791	4,895
ESF projects – Activate	1,875	2,004
Other contracts	405	480
	<u>27,015</u>	<u>26,429</u>

**3. EMPLOYEES AND DIRECTORS**Staff costs

	2019 £'000	2018 £'000
Wages and salaries	15,362	15,194
Social security costs	1,432	1,427
Other pension costs	5,785	6,445
	<u>22,579</u>	<u>23,066</u>

Staff numbers

	2019	2018
Management and Administration	72	73
Service delivery	500	502
	<u>572</u>	<u>575</u>

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**3. EMPLOYEES AND DIRECTORS - continued**Senior employees costs

	2019		2018	
	Directors	Senior Management	Directors	Senior Management
	£'000	£'000	£'000	£'000
Short Term Employee benefits	120	216	132	252
Post Employment benefits	21	19	12	47
Termination benefits	-	-	82	(9)
	<u>141</u>	<u>235</u>	<u>226</u>	<u>290</u>

Mrs NJ Lawrence, previously Director of Corporate Services, was appointed on 1 June 2018 as interim Chief Executive. As a result, part of her costs for 2019 are shown in Senior Management with the balance shown in the Directors' costs.

Included in the Senior Management charges are costs for the Director of Business Development who was paid via an external agency. Also included in these costs are honorarium payments to several staff to reflect them partly acting up in the roles of either the Director of Business Development or Director of Corporate Services for some period of the financial year.

The Directors figure for 2018 includes redundancy costs due to the Interim Chief Executive's role being extended to May 2018. 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 management arrangements were put in place. This meant the pension strain costs were less than the accrual in the preceding financial year.

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

	2019	2018
Final Salary scheme	<u>2</u>	<u>2</u>

**4. EXCEPTIONAL ITEMS**Voluntary Release scheme

The exceptional item referenced in last year accounts relates to the voluntary release scheme that occurred in the 17/18 accounting period. The associated costs of this exercise, including actuarial pension strains, was £453k. In addition, there were a further £80k of costs which were paid in 2017/18 due to a change in the date of redundancy for the interim Chief Executive as referenced in note 3.

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**5. NET FINANCE INCOME**

	2019 £'000	2018 £'000
Finance income:		
Deposit account interest	15	8
Expected return on pension scheme assets	5,023	4,709
	<u>5,038</u>	<u>4,717</u>
Finance costs:		
Bank interest	(5)	(5)
Interest on pension scheme liabilities	(5,811)	(5,550)
	<u>(5,816)</u>	<u>(5,555)</u>
Net finance income	<u>(778)</u>	<u>(838)</u>

**6. (LOSS) BEFORE TAX**

The (loss) before tax is stated after charging:

	2019 £'000	2018 £'000
Other operating leases	689	704
Depreciation	179	176
Amortisation and Impairment	1,016	462
Auditors' remuneration - External	90	75
Internal	14	14
	<u>1,988</u>	<u>1,431</u>

The 2019 figures are inclusive of VAT where applicable.

**7. CORPORATION TAX****Analysis of tax expense**

	2019			2018		
	Amount £'000	Rate	Tax £'000	Amount £'000	Rate	Tax £'000
Income on which no tax due	27,015	0%	-	26,429	0%	-
Non core profits	-	0%	-	-	0%	-
Interest	15	19%	<u>3</u>	8	19%	<u>2</u>
			<u>3</u>			<u>2</u>

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

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**7. CORPORATION TAX - continued****Tax effects relating to effects of other comprehensive income**

	Gross £'000	2019 Tax £'000	Net £'000
Actuarial (loss) on pension scheme	<u>(4,519)</u>	<u>-</u>	<u>(4,519)</u>
	Gross £'000	2018 Tax £'000	Net £'000
Actuarial gain on pension scheme	<u>5,387</u>	<u>-</u>	<u>5,387</u>

CAREER CHOICES DEWIS GYRFA LTD

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**8. PROPERTY, PLANT AND EQUIPMENT**

<b>2018-19</b>	Leasehold Improvements	Land and Buildings	Fixtures and Fittings	Computer Equipment	Totals
	£'000	£'000	£'000	£'000	£'000
<b>COST OR VALUATION</b>					
At 1 April 2018	453	2,470	62	238	3,223
Additions: during the year	-	-	11	41	52
Disposals: during the year	(47)	-	-	-	(47)
Impairment during the year	-	(32)	-	-	(32)
Revaluation: during the year	-	-	-	-	-
At 31 March 2019	<u>406</u>	<u>2,438</u>	<u>73</u>	<u>279</u>	<u>3,196</u>
<b>DEPRECIATION</b>					
At 1 April 2018	307	-	28	154	489
Charge for year	91	38	13	37	179
Disposals: during the year	(47)	-	-	-	(47)
Revaluation/Impairment: during the year	-	-	-	-	-
At 31 March 2019	<u>351</u>	<u>38</u>	<u>41</u>	<u>191</u>	<u>621</u>
<b>NET BOOK VALUE</b>					
At 31 March 2019	<u>55</u>	<u>2,400</u>	<u>32</u>	<u>88</u>	<u>2,575</u>
At 31 March 2018	<u>146</u>	<u>2,470</u>	<u>34</u>	<u>84</u>	<u>2,734</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 £2,547.



CAREER CHOICES DEWIS GYRFA LTD

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**8. PROPERTY, PLANT AND EQUIPMENT - continued**

<b>2017-18</b>	Leasehold Improvements	Land and Buildings	Fixtures and Fittings	Computer Equipment	Totals
	£'000	£'000	£'000	£'000	£'000
<b>COST OR VALUATION</b>					
At 1 April 2017	457	2,410	46	154	3067
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>
<b>DEPRECIATION</b>					
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>
<b>NET BOOK VALUE</b>					
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

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**9. INTANGIBLE ASSETS**

	Software Licences £'000	Website Development £'000	Total £'000
<b>COST</b>			
At 1 April 2018	766	2,196	2,962
Additions	425	1,341	1,766
Impairment	-	(139)	(139)
At 31 March 2019	<u>1,191</u>	<u>3,398</u>	<u>4,589</u>
<b>AMORTISATION</b>			
At 1 April 2018	570	2,110	2,680
Charge for the year	229	755	984
Impairment	-	(139)	(139)
At 31 March 2019	<u>799</u>	<u>2,726</u>	<u>3,525</u>
<b>NET BOOK VALUE</b>			
At 31 March 2019	<u>392</u>	<u>672</u>	<u>1,064</u>
At 31 March 2018	<u>196</u>	<u>86</u>	<u>282</u>

**10. TRADE AND OTHER RECEIVABLES**

	2019 £'000	2018 £'000
Current:		
Trade receivables	2,147	1,521
Other receivables	1,177	1,501
Prepayments	509	441
	<u>3,833</u>	<u>3,463</u>

**11. CASH AND CASH EQUIVALENTS**

	2019 £'000	2018 £'000
Cash in hand	3	2
Bank accounts	<u>474</u>	<u>2,837</u>
	<u>477</u>	<u>2,839</u>

CAREER CHOICES DEWIS GYRFA LTD

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**12. RESERVES**

	Retained earnings £'000	Revaluation reserve £'000	Totals £'000
At 1 April 2017	(27,679)	-	(27,679)
(Loss) for the year	(2,389)	-	(2,389)
Revaluation in year	-	241	241
Pension Actuarial Gain	5,387	-	5,387
At 31 March 2018	(24,681)	241	(24,440)
(Loss) for the year	(4,367)	-	(4,367)
Pension Actuarial Loss	(4,519)	-	(4,519)
At 31 March 2019	(33,567)	241	(33,326)

**13. TRADE AND OTHER PAYABLES**

	2019 £'000	2018 £'000
Current liabilities:		
Trade payables	135	335
Social security and other taxes	358	366
Other payables	333	305
Holiday Pay Accrual	235	212
Accruals and deferred income	750	1,294
VAT	22	493
Computer Licenses	6	66
	<u>1,839</u>	<u>3,071</u>
Non-current liabilities:		
Computer Licenses	<u>10</u>	<u>16</u>
	<u>10</u>	<u>16</u>
Aggregate amounts	<u>1,849</u>	<u>3,087</u>

CAREER CHOICES DEWIS GYRFA LTD

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**14. LEASING AGREEMENTS**

**The company as lessee**

Minimum lease payments under operating leases fall due as follows:

	Operating lease	
	2019 £'000	2018 £'000
Net obligations repayable		
Within one year	493	589
Between one and five years	925	915
In more than five years	378	263
	<u>1,796</u>	<u>1,767</u>

Total lease rental costs incurred in 2018-19 was £689k (2018: £704k).

**The company as lessor**

Minimum lease payments under non-cancellable operating leases:

	Lessors	
	2019 £'000	2018 £'000
Net obligations payable		
Within one year	4	9
Between one and five years	-	4
In more than five years	-	-
	<u>4</u>	<u>13</u>

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

**15. PROVISIONS**

	2019 £'000	2018 £'000
Opening Balance	156	217
Amounts Arising in year	-	156
Amounts utilised in year	(81)	(217)
Unused amounts reversed	(75)	-
Closing Balance	<u>-</u>	<u>156</u>

The 2018 provision related to dilapidation costs and roof repair costs due to be incurred at the Newport office.

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**16. CONTINGENT LIABILITIES****DILAPIDATIONS**

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.

**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

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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.

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

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**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	Unrecognised Assets Adjustment	Surplus / (Deficit)	Net Asset / (Net Liability)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rhondda Cynon Taf Pension Fund (MG)	(42,736)	41,323	(1,413)	-	-	(1,413)	(1,413)
Powys County Council Pension Fund	(9,950)	8,070	(1,880)	-	-	(1,880)	(1,880)
Cardiff and Vale of Glamorgan Pension Fund	(26,240)	30,750	4,510	(60)	-	4,450	4,450
Rhondda Cynon Taf Pension Fund (CWA)	(1,994)	2,621	627	-	(303)	324	324
Dyfed Pension Fund	(61,338)	48,904	(12,434)	(248)	-	(12,682)	(12,682)
Clwyd Pension Fund	(26,260)	18,874	(7,386)	-	-	(7,386)	(7,386)
Greater Gwent (Torfaen) Pension Fund	(40,561)	26,430	(14,131)	-	-	(14,131)	(14,131)
Gwynedd Pension Fund	(32,490)	25,822	(6,668)	(37)	-	(6,705)	(6,705)
	(241,569)	202,794	(38,775)	(345)	(303)	(39,423)	(39,423)

**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.

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**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	
	2019	2018
	£'000	£'000
Present value of funded obligations	(241,569)	(218,630)
Fair value of plan assets	<u>202,794</u>	<u>188,469</u>
	(38,775)	(30,161)
Present value of unfunded obligations	(345)	(352)
Unrecognised Assets	<u>(303)</u>	<u>-</u>
Deficit	<u>(39,423)</u>	<u>(30,513)</u>
Net liability	<u><u>(39,423)</u></u>	<u><u>(30,513)</u></u>

The unrecognised assets represent the adjustment required in respect of the asset ceiling as per paragraph 64 of IAS19.

In two separate Employment Tribunal cases involving members of the Judiciary and Firefighters pensions schemes, it has been ruled that there has been age discrimination arising from pension scheme transition arrangements to new pension schemes. This McCloud ruling potentially has implications for all public sector schemes which were reformed around the same time including the LGPS. As a result, the Fund actuaries have revised the level of defined benefit obligations for the schemes. This has meant an increase in the pension liabilities of £2.52m at the year end. However, the final form of this settlement has yet to be decided and is very sensitive to the individual organisations' age profile and salary increase assumptions.

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Current service cost	5,085	5,092
Past service cost (including Curtailments)	2,637	916
Interest cost	5,811	5,550
Expected return	<u>(5,023)</u>	<u>(4,709)</u>
	<u>8,510</u>	<u>6,849</u>
Actual return on plan assets	<u><u>12,839</u></u>	<u><u>6,753</u></u>



CAREER CHOICES DEWIS GYRFA LTD

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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS - continued**

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

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Opening defined benefit obligation	218,982	214,597
Current service cost	5,085	5,092
Past service cost (including Curtailments)	2,637	916
Contributions by scheme participants	952	922
Interest cost	5,811	5,550
Actuarial loss/(gain)	13,005	(3,410)
Benefits paid	(4,558)	(4,685)
	<u>241,914</u>	<u>218,982</u>

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

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Opening fair value of scheme assets	188,469	181,300
Contributions by employer	4,165	4,305
Contributions by scheme participants	952	922
Assets administration expenses	(46)	(59)
Expected return	5,023	4,709
Actuarial gain	8,789	1,977
Benefits paid	(4,558)	(4,685)
	<u>202,794</u>	<u>188,469</u>

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

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Actuarial gain / (loss)	<u>(4,519)</u>	<u>5,387</u>
	<u>(4,519)</u>	<u>5,387</u>
Cumulative amount of Actuarial (loss)	<u>(28,341)</u>	<u>(23,822)</u>

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS – continued**

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

**Rhondda Cynon Taf Pension Fund (MG)**

	31-03-19	31-03-18
<b>Principal Financial Assumptions</b>	(%)	(%)
Discount rate	2.4	2.6
RPI Inflation	3.3	3.2
CPI Inflation	2.2	2.1
Rate of increase to deferred pensions	2.2	2.1
Rate of increase to pensions in payment	2.2	2.1
Rate of general increase in salaries	3.45	3.35

**Mortality assumptions**

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

	31-03-19	31-03-18
<b>Males</b>		
Future lifetime from age 65 (aged 65 at accounting date)	22.2	22.9
Future lifetime from age 65 (aged 45 at accounting date)	23.9	25.1
<b>Females</b>		
Future lifetime from age 65 (aged 65 at accounting date)	24.1	25.0
Future lifetime from age 65 (aged 45 at accounting date)	25.9	27.3

	31-03-19	31-03-18
	(%)	(%)
<b>Asset allocation</b>		
Equities	64.5	74.8
Property	6.9	5.4
Gov Bonds	13.5	8.5
Corporate Bonds	11.6	9.4
Cash	3.5	1.9
Total	100	100

Expected contribution for accounting period ending 31 March 2020 - £1,081k

**Sensitivity analysis**

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2019 and the projected service cost for the year ending 31 March 2020 is set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS – continued****Funded LGPS benefits**

<b>Discount rate assumption</b>		
Adjustment to discount rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of total obligation (£M's)	41.907	43.581
% change in present value of total obligation	-1.9%	2.0%
Projected service cost (£M's)	0.797	0.846
Approximate % change in projected service cost	-3.0%	3.0%
<b>Rate of general increase in salaries</b>		
Adjustment to salary increase rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of total obligation (£M's)	42.920	42.554
% change in present value of total obligation	0.4%	-0.4%
Projected service cost (£M's)	0.821	0.821
Approximate % change in projected service cost	0.0%	0.0%

**Rate of increase to pensions in payment and deferred pensions assumption**

Adjustment to pension increase rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of total obligation (£M's)	43.396	42.087
% change in present value of total obligation	1.5%	-1.5%
Projected service cost (£M's)	0.846	0.797
Approximate % change in projected service cost	3.0%	-3.0%

**Post retirement mortality assumption**

Adjustment to mortality age rating assumption *	<b>-1 year</b>	<b>+1 year</b>
Present value of total obligation (£M's)	44.118	41.369
% change in present value of total obligation	3.2%	-3.2%
Projected service cost (£M's)	0.853	0.790
Approximate % change in projected service cost	3.8%	-3.8%

\*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**

	31-03-19	31-03-18
<b>Principal Financial Assumptions</b>	(%)	(%)
Discount rate	2.4	2.6
RPI Inflation	3.3	3.2
CPI Inflation	2.2	2.1
Rate of increase to deferred pensions	2.2	2.1
Rate of increase to pensions in payment	2.2	2.1
Rate of general increase in salaries	3.7	3.6

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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS – continued****Mortality assumptions**

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

	31-03-19	31-03-18
<b>Males</b>		
Future lifetime from age 65 (aged 65 at accounting date)	22.4	23.1
Future lifetime from age 65 (aged 45 at accounting date)	23.7	24.9
<b>Females</b>		
Future lifetime from age 65 (aged 65 at accounting date)	24.8	25.8
Future lifetime from age 65 (aged 45 at accounting date)	26.2	27.6

	31-03-19 (%)	31-03-18 (%)
<b>Asset allocation</b>		
Equities	52.5	52.0
Property	9.7	11.9
Gov Bonds	14.7	14.3
Corporate Bonds	6.0	6.6
Cash	2.1	1.1
Other	15.0	14.1
Total	<u>100</u>	<u>100</u>

Expected contribution for accounting period ending 31 March 2020 - £110k

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**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 2019 and the projected service cost for the year ending 31 March 2020 is set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

**Funded LGPS benefits**

<b>Discount rate assumption</b>	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to discount rate		
Present value of total obligation (£M's)	9.77	10.13
% change in present value of total obligation	-1.8%	1.8%
Projected service cost (£M's)	0.15	0.15
Approximate % change in projected service cost	-2.8%	2.9%

**Rate of general increase in salaries**

	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to salary increase rate		
Present value of total obligation (£M's)	9.98	9.92
% change in present value of total obligation	0.3%	-0.3%
Projected service cost (£M's)	0.15	0.15
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**

	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to pension increase rate		
Present value of total obligation (£M's)	10.10	9.80
% change in present value of total obligation	1.5%	-1.5%
Projected service cost (£M's)	0.15	0.15
Approximate % change in projected service cost	2.9%	-2.8%

**Post retirement mortality assumption**

	<b>-1 year</b>	<b>+1 year</b>
Adjustment to mortality age rating assumption *		
Present value of total obligation (£M's)	10.27	9.63
% change in present value of total obligation	3.2%	-3.2%
Projected service cost (£M's)	0.16	0.14
Approximate % change in projected service cost	4.2%	-4.1%

\*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.

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS – continued****Cardiff and Vale of Glamorgan Pension Fund**

	31-03-19	31-03-18
<b>Principal Financial Assumptions</b>	(%)	(%)
Discount rate	2.4	2.6
RPI Inflation	3.3	3.2
CPI Inflation	2.2	2.1
Rate of increase to deferred pensions	2.2	2.1
Rate of increase to pensions in payment	2.2	2.1
Rate of general increase in salaries	3.2	3.1

**Mortality assumptions**

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

	31-03-19	31-03-18
<b>Males</b>		
Future lifetime from age 65 (aged 65 at accounting date)	22.4	23.1
Future lifetime from age 65 (aged 45 at accounting date)	23.0	24.2
<b>Females</b>		
Future lifetime from age 65 (aged 65 at accounting date)	24.8	25.8
Future lifetime from age 65 (aged 45 at accounting date)	25.9	27.2

	31-03-19	31-03-18
	(%)	(%)
<b>Asset allocation</b>		
Equities	63.7	66.5
Property	7.7	6.3
Gov Bonds	10.7	15.4
Corporate Bonds	11.0	10.4
Cash	1.5	1.4
Other	5.4	0.0
<b>Total</b>	<b>100</b>	<b>100</b>

Expected contribution for accounting period ending 31 March 2020 - £370k

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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**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 2019 and the projected service cost for the year ending 31 March 2020 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**

<b>Discount rate assumption</b>	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to discount rate		
Present value of total obligation (£M's)	25.71	26.78
% change in present value of total obligation	-2.0%	2.1%
Projected service cost (£M's)	0.74	0.78
Approximate % change in projected service cost	-3.2%	3.3%
<b>Rate of general increase in salaries</b>		
Adjustment to salary increase rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of total obligation (£M's)	26.38	26.10
% change in present value of total obligation	0.5%	-0.5%
Projected service cost (£M's)	0.76	0.76
Approximate % change in projected service cost	0.0%	0.0%
<b>Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption</b>		
Adjustment to pension increase rate	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Present value of total obligation (£M's)	26.64	25.85
% change in present value of total obligation	1.5%	-1.5%
Projected service cost (£M's)	0.78	0.74
Approximate % change in projected service cost	3.3%	-3.2%
<b>Post retirement mortality assumption</b>		
Adjustment to mortality age rating assumption *	<b>-1 year</b>	<b>+1 year</b>
Present value of total obligation (£M's)	27.09	25.40
% change in present value of total obligation	3.2%	-3.2%
Projected service cost (£M's)	0.79	0.73
Approximate % change in projected service cost	3.8%	-3.8%

\* 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.

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS - continued****Rhondda Cynon Taf Pension Fund (CWA)**

	31-03-19 (%)	31-03-18 (%)
<b>Principal Financial Assumptions</b>		
Discount rate	2.5	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.

	31-03-19	31-03-18
<b>Males</b>		
Future lifetime from age 65 (aged 65 at accounting date)	22.2	22.9
Future lifetime from age 65 (aged 45 at accounting date)	23.9	25.1
<b>Females</b>		
Future lifetime from age 65 (aged 65 at accounting date)	24.1	25.0
Future lifetime from age 65 (aged 45 at accounting date)	25.9	27.3

	31-03-19 (%)	31-03-18 (%)
<b>Asset allocation</b>		
Equities	64.5	74.8
Property	6.9	5.4
Gov Bonds	13.5	8.5
Corporate Bonds	11.6	9.4
Cash	3.5	1.9
Other	-	-
Total	<u>100</u>	<u>100</u>

Expected contribution for accounting period ending 31 March 2020 - £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 2019 and the projected service cost for the year ending 31 March 2020 is set out below. In each case, only the assumption mentioned is altered; all other assumptions remain the same.



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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS - continued****Funded LGPS benefits**

<b>Discount rate assumption</b>	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to discount rate		
Present value of total obligation (£M's)	1.950	2.039
% change in present value of total obligation	-2.2%	2.3%
Projected service cost (£M's)	0.025	0.027
Approximate % change in projected service cost	-4.1%	4.2%

**Rate of general increase in salaries**

	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to salary increase rate		
Present value of total obligation (£M's)	1.999	1.989
% change in present value of total obligation	0.2%	-0.2%
Projected service cost (£M's)	0.026	0.026
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**

	<b>+0.1% p.a.</b>	<b>-0.1% p.a.</b>
Adjustment to pension increase rate		
Present value of total obligation (£M's)	2.035	1.954
% change in present value of total obligation	2.0%	-2.0%
Projected service cost (£M's)	0.027	0.025
Approximate % change in projected service cost	4.2%	-4.1%

**Post retirement mortality assumption**

	<b>-1 year</b>	<b>+1 year</b>
Adjustment to mortality age rating assumption *		
Present value of total obligation (£M's)	2.057	1.932
% change in present value of total obligation	3.1%	-3.1%
Projected service cost (£M's)	0.027	0.025
Approximate % change in projected service cost	3.9%	-3.9%

\*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**

<b>Financial assumptions</b>	<b>Beginning of period (%)</b>	<b>End of period (%)</b>
Rate of CPI inflation	2.1	2.2
Rate of increase in salaries	3.6	3.7
Rate of increase in pensions	2.2	2.3
Discount rate	2.7	2.5

**Mortality assumptions**

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

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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Life expectancy of a male (female)		
Future pensioner aged 65	25.1 (27.9) years	25.2 (28.1) years
Current pensioner aged 65	22.9 (25.6) years	23.0 (25.7) years

Expected contribution for accounting period ending 31 March 2020 - £579k

**Sensitivity analysis**

Disclosure item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+ 0.1% p.a. discount rate	+ 0.1% p.a. inflation	+ 0.1% p.a. pay growth	<u>1-year</u> increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	61,586	60,359	62,838	61,835	62,782
Assets	(48,904)	(48,904)	(48,904)	(48,904)	(48,904)
Deficit/(Surplus)	12,682	11,455	13,934	12,931	13,878
Projected Service Cost for next year	1,417	1,379	1,456	1,417	1,444
Projected Net Interest Cost for next year	310	290	341	316	340

**Clwyd Pension Fund**

Financial assumptions	Beginning of period (%)	End of period (%)
Rate of CPI inflation	2.1	2.2
Rate of increase in salaries	3.35*	3.45*
Rate of increase in pensions	2.2	2.3
Discount rate	2.7	2.5

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

**Mortality assumptions**

<u>Non-Retired</u> 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	25.7 (28.3) years	25.9 (28.4) years
Current pensioner aged 65	23.1 (25.6) years	23.2 (25.7) years

Expected contribution for accounting period ending 31 March 2020 - £363k.

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**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS - continued****Sensitivity analysis**

Disclosure item	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+ 0.1% p.a. discount rate	+ 0.1% p.a. inflation	+ 0.1% p.a. pay growth	<u>1-year</u> increase in life expectancy
	£000s	£000s	£000s	£000s	£000s
Liabilities	26,260	25,749	26,782	26,349	26,771
Assets	(18,874)	(18,874)	(18,874)	(18,874)	(18,874)
Deficit/(Surplus)	7,386	6,875	7,908	7,475	7,897
Projected Service Cost for next year	481	468	495	481	491
Projected Net Interest Cost for next year	180	174	193	182	193

**Greater Gwent (Torfaen) Pension Fund**

Financial assumptions	31-03-19	31-03-18
	% p.a.	% p.a.
Pension increase rate	2.5	2.4
Salary increase rate	2.9	2.8
Discount rate	2.4	2.7

**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 2020 - £774k

**Sensitivity analysis**

	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
Changes in assumptions at 31-03-19		
0.5% decrease in Real Discount Rate	12%	4,871
0.5% increase in the Salary Increase Rate	2%	952
0.5% increase in the Pension Increase Rate	9%	3,818

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2019**

**17. EMPLOYEE BENEFIT OBLIGATIONS - continued****Gwynedd Pension Fund**

<b>Financial assumptions</b>	<b>31-03-19</b>	<b>31-03-18</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Pension increase rate	2.5	2.4
Salary increase rate	2.5	2.4
Discount rate	2.4	2.7

**Mortality**

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

Expected contribution for accounting period ending 31 March 2020 - £463k

**Sensitivity analysis**

	<b>Approx. % increase to Employer Liability</b>	<b>Approx. monetary amount (£'000)</b>
Changes in assumptions at 31.03.19		
0.5% decrease in Real Discount Rate	13%	4,196
0.5% increase in the Salary Increase Rate	3%	838
0.5% increase in the Pension Increase Rate	10%	3,272

**Amounts for the current and previous period are as follows:**

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Aggregate defined benefit pension plans</b>		
Defined benefit obligation	(241,914)	(218,982)
Fair value of scheme assets	202,794	188,469
Unrecognised Asset	(303)	-
Deficit	<u>(39,423)</u>	<u>(30,513)</u>

**18. EVENTS AFTER THE REPORTING PERIOD**

The Financial Statements were authorised for issue by the Board of Directors on 13 June 2019.  
The Welsh Government have the power to amend the Financial Statements after issue.

**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.

31 MARCH 2019

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**20. GOING CONCERN**

The Financial Statements currently show that the company has negative reserves of £33.3m. The primary reason for the negative reserves is the pension deficit of £39.4m. 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.

**21. CAPITAL COMMITMENTS**

Purchase invoices and orders to the value of £351k (2018: £132k) have been raised for capital expenditure relating to the development of the new company website.

**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 £24.89m (2018: £23.95m) and made payments of £343k (2018: £1k) to Welsh Government. Of the income of £24.89m, £154k was deferred to 2019-20 in accordance with IAS20. At the year end, CCDG was owed £2.292m (2018: £1.847m) by the Welsh Government.

CCDG also have a related party relationship with Odgers Berndtson as during 18-19 they provided key management personnel services to CCDG. CCDG paid £121k in respect of the Director for Business Development role with £23k of this balance outstanding at the year end.

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	£54,346	Consultant

Director	Body	Invoices Received by CCDG	Nature of link
Mr R A Wright	Coleg Cumbria	£540	Board Member

Director	Body	Invoices Received by CCDG	Nature of link
Miss S. Jones	Tinopolis	£88,544	Executive Producer

Of the amount stated above in respect of the North Wales Economic Ambition Board, £13,424 excluding VAT was owed to CCDG at the year end.