ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

England & Wales · Charity number 1139282

Details

Status	Registered
Legal form	Charitable company
Company number	06013744
Registered	2010-12-09
Register	View on the Charity Commission register

Contact

Address	University Of South Wales Treforest Pontypridd CF37 1DL
Phone	01443654171
Email	william.callaway@southwales.ac.uk
Website	www.rwcmd.ac.uk

Activities

Objects: 4.1 THE COLLEGE SHALL BE SET UP AND CONDUCTED FOR THE ADVANCEMENT OF EDUCATION AND LEARNING FOR THE PUBLIC BENEFIT.4.2 THE OBJECT OF THE COLLEGE SPECIFIED IN ARTICLE 4.1 ABOVE SHALL IN PARTICULAR AND WITHOUT PREJUDICE TO THE GENERALITY THEREOF INCLUDE:4.2.1 THE TRAINING OF PERFORMERS AND OTHERS IN MUSIC, DRAMA, THEATRE AND OTHER PERFORMING ARTS INTENDING TO ENTER OR ENGAGED IN THE MUSIC, THEATRICAL AND PERFORMING ARTS PROFESSIONS;4.2.2 THE PROVISION OF ADVANCED COURSES OF INSTRUCTION LEADING TO THE AWARD OF DEGREES OR OTHER APPROPRIATE QUALIFICATIONS; AND4.2.3 THE PROVISION, MAINTENANCE AND IMPROVEMENT OF PERFORMANCE FACILITIES FOR THE BENEFIT OF THE LOCAL COMMUNITY.

Activities: The Royal Welsh College of Music and Drama is the National Conservatoire of Wales and a leading UK provider of specialist practical and performance-based training in music and drama.

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Classification

- **How:** Provides Services
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** CARDIFF
- Cardiff

Finances

Period end	Income	Expenditure	Assets	Employees
2025-07-31	£21,141,000	£19,367,000	£21,647,000	256
2024-07-31	£22,176,000	£20,067,000	£19,746,000	314
2023-07-31	£20,886,000	£20,277,000	£17,418,000	312
2022-07-31	£16,637,000	£18,118,000	£13,975,000	174
2021-07-31	£15,248,000	£16,138,000	£7,354,000	181
2020-07-31	£15,393,000	£15,358,000	£7,832,000	187

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Trustees

Name	Role	Appointed
Michael Hugo James Plaut OBE	Chair	2023-08-01
Antigone Alys Blackwell		2024-09-06
April Atinuke Audiger		2022-11-08
Christopher James Sutton		2025-10-01
David Francis		2025-01-31
Desmond Patrick Clifford		2025-10-01
Helen Fay Sanderson		2023-08-01
Helen Rowland		2025-10-01
Ian Lewis		2022-11-08
Louise Elizabeth Evans		2025-01-31
Professor David Ruebain		2022-11-08
Professor Helena Gaunt		2018-09-01
Professor Osama Shafique Minhaz Khan		2026-05-04
Rhian Louise Langham		2025-10-01
Roger Llewelyn Munnings		2022-04-01
Sarah Alexandra Moore OBE		2023-08-01
Tianyi Lu		2022-11-08

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ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

England & Wales - Charity number 1139282

Accounts

Royal Welsh College of Music and Drama Limited

Financial Statements and Annual Review
Year ended 31 July 2025

Registered Company number	06013744
Registered Charity number	1139282

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1. Reference and administrative details

Charity name	Royal Welsh College of Music and Drama Limited
Charity number	1139282
Company number	06013744

Chair
Mr M Plaut

Secretary
Mr W Callaway

Principal address and registered office
Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors
External: HaysMac LLP
10 Queen Street Place
London
EC4R 1AG

Internal: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

2. Introduction from the Chair of the Board of Trustees

On behalf of the Board of Trustees, I would like to thank everyone at RWCMD for making it another memorable year. Despite significant ongoing challenges across the higher education sector, it's encouraging to reflect on the many successes achieved by the College for our students, staff, communities and partners.

We were delighted, at the end of our 75th birthday year, to announce Dame Shirley Bassey CH DBE as our new President succeeding HM King Charles who continues as Royal Patron following his accession to the throne. Dame Shirley's visit to our President's and Vice-Presidents' Dinner in June was a standout moment for the College community.

Throughout the year, our students and staff delivered over 450 performances and events, hosting and entertaining almost 50,000 visitors. This represents an impressive body of work demonstrating the College's continued contribution to the cultural life of Wales, alongside training the next generations of musicians and theatre makers.

We have made good progress towards our commitment to finding sustainable ways to support young talent development. Following the closure, out of financial necessity, of our regular weekend music and drama provision for young people under 18 in autumn 2024, we extended delivery of partnership activity, strengthening partnerships with Urdd Gobaith Cymru, National Youth Arts Wales and Jazz Explorers Cymru, and continuing to work closely with the National Music Service Wales and Seren. Meanwhile, we continue our successful work with the National Open Youth Orchestra and our Young People's Production Arts programme.

Since 2022, the Old Library has become a key extension of our campuses. In September 2025, we appointed a contractor to begin the first phase of redevelopment, paving the way for expanded activity from 2026/27. This historic building is being redeveloped as a vibrant arts and education hub in the heart of Cardiff—emphasising our role as Wales' national conservatoire and deepening our engagement with students, artists, and the wider community. We are very grateful for the philanthropic donations that are funding this important work.

The Board has also been delighted with the College's progress in its strategy to address ongoing challenges. We are committed to ensuring RWCMD remains a distinctive conservatoire, competitive against its peers, adapting our ways of education and maximising the effectiveness of our infrastructure.

This year, we met our key targets, including student recruitment and cost reductions, which has helped to meet the sector wide challenges. We also undertook comprehensive reviews of our academic and production portfolios, and our new academic blueprint is being phased in from 2025/26. These achievements provide an important platform for 2025/26 and later years as we prepare for the future.

We have been engaged in constructive conversations with the Welsh Government and Medr to discuss future long term funding options with a view to bring funding in line with most UK conservatoire peers. These discussions are ongoing.

Looking ahead, the external environment remains difficult, with financial pressures continuing across the Higher Education sector and considerable turbulence across the arts and creative industries. Nevertheless, we remain committed to our plans to create the conservatoire of the future and confident in our leadership team's ability to deliver them. As ever, as a Charity, we remain reliant on, and grateful for, the generous regular financial support from many individuals, trusts and corporations.

To finish, I would like to emphasise my gratitude to our staff, trustees, and all those who have contributed to the College's achievements this year. I also thank my fellow Trustees for their dedicated service, and in particular Mario Ferelli and Aled Miles, who completed their terms of office this year.



Michael Plaut OBE
Chair of the Board of Governors
18 November 2025

3. Principal's Review of the Year

The 2024/25 academic year has been another year where our students, colleagues, graduates and partners have delivered numerous examples of outstanding performance.

Students

Following the successful recruitment cycle in the previous year, over 400 new students joined the College in September 2024, resulting in 930 students studying with us in 2024/25. (2023/24: 853). As was the case in July 2024, our graduation ceremonies were held in our own Dora Stoutzker Hall in July. Across four ceremonies 337 students (2023/24: 352) were joined by many of our staff and the students' friends and families to celebrate their achievements in this special intimate on-campus setting. Additional information on our student body is set out below:

2024/25	2023/24
69% were undergraduates and 31% postgraduates.	72% were undergraduates and 28% postgraduates.
707 students (76%) were UK domiciled, including 186 from Wales.	691 students (81%) were UK domiciled, including 188 from Wales.
102 students were Welsh speakers.	94 students were Welsh speakers.
213 international students (23%) were from 38 different countries.	153 international students (18%) were from 38 different countries.
28% of students declared a disability.	27% of students declared a disability.
28% of our students declared that they were from the global majority.	20% of our students declared that they were from the global majority.
94% retention rate – students completed their studies and/or progressed.	94% retention rate.
145 (88%) of our undergraduates received a first-class or upper second-class degree. **147 (85%) of our postgraduates received a distinction or a merit.**	160 (90%) of our undergraduates received a first-class or upper second-class degree. 144 (83%) of our postgraduates received a distinction or a merit.

Student experience

The National Student Survey remains an important measure of the College's reputation. Notably, in 2025, the overall student satisfaction score increased slightly to 81.1%, compared to 80.6% in 2024 and 79.8% in 2023. Drama had some exceptional results with a satisfaction score of 100% in Acting and Design for Performance and 89.5% in Stage Management and Technical Theatre. There was also significant advance in Music with the overall satisfaction score growing to 80.7%, with our Strings department also scoring 100%.

Outside of Wales, the final overall satisfaction question is no longer included in the survey, meaning we cannot directly compare this overall result with our UK conservatoire peers. However, we can still make category-specific comparisons, and I'm delighted to report that we continue to compare favourably with our competitors in most of the thematic categories, with some of the more important headlines noted below:

- on average RWCMD scores are 2-5% better than our peers across most categories

- for 5 out of the 7 categories in the survey, our scores are at over 80%. Across the sector most have 4 (or fewer) categories scoring above 80%.
- RWCMD's highest level of satisfaction scores were for Teaching, Academic Support, Learning Resources and Learning Opportunities.

We are not complacent about the results of this year's survey and will continue to work through our strategic plans and implement systemic and organisational change at the College, however, we celebrate the upwards trajectory over the last few years.

Learning, performing, teaching and the RWCMD environment

This year a group made up of senior academic and professional services staff, led the development of a new Academic Blueprint for the College. As well as agreeing a core set of principles that ensures compliance within the University of South Wales' quality assurance framework and national benchmarks, we redesigned the College's own curriculum content, teaching and delivery to align to our own academic strategy and strategic pillars.

The agreed blueprint now guides staff through a consistent, high quality, forward-looking vocational training. Key strategic ambitions include:

- to be an expert and more diverse and inclusive conservatoire
- to develop our work in the arts in society and in Wales, in collaborative practice, autonomy and student-led work,
- to unlock the potential of digital technologies in research and innovation and in industry
- the expansion of career pathways.

Aligned to this blueprint work, the College also reviewed and updated our academic term dates and production schedule. Using benchmarking across the sector, and taking into consideration feedback from staff and students, we have introduced a new pattern of term dates from 2025. This work also enhanced alignment of schedules across different departments - to support growing collaborative opportunities - and a greater co-ordination of our student performances as a core and distinctive element of our public arts centre programme

Our students continued to benefit from this performance and community engagement programme at our busy arts centre and, as part of other live industry environments, were able to engage audiences in their work at every opportunity. Importantly this meant they were learning up close with some of the world's most renowned performers, pushing boundaries, collaborating with colleagues and partners and creating new work across a full range of professional and community settings. Highlights included:

- Our actors had masterclasses with RWCMD Fellow and Olivier award winner Anjana Vasan and individual casting tutorials with Nina Gold, the multi-award-winning international casting director for the Crown, Game of Thrones and Star Wars.
- Designers' masterclasses included Gabby Slade (graduate, Fellow, Olivier and Tony Award Winner for Six and Starlight Express) and Stage Managers were joined by Tim Routledge (graduate, Fellow and RTS Winner) who once again, was the Lighting Designer for Eurovision 2025 at Basle.

- Music students worked closely with Sir Bryn Terfel, pianist Llyr Williams and had side by side experiences with the Orchestra and Chorus of Welsh National Opera and BBC National Orchestra of Wales. Our resident ensembles, The Carducci and Fibonacci Quartets, meant our students had deep learning experiences with these successful industry professionals.

Across our three exceptional sites in Cardiff our students continued to enjoy world class facilities. Our North Road site includes the Dora Stoutzker Hall and the Richard Burton Theatre. Our Llanishen workshop is a fully equipped facility for teaching scenic arts and construction techniques. It is the envy of many of our competitor conservatoires and enables our students to work on the same equipment as specialists in the industry. Meanwhile, we continued to develop the work at our city centre Old Library site during 2024/25, rolling out more of our teaching and using the unique spaces to create more informal approaches to performance and inclusive forms of public participation.

Making best use of these resources across the College community, we ensure knowledge, experience and opportunities to perform are provided to our students in order to provide a high-quality workforce to the creative industries in Wales, the UK, and internationally.

Cultural provision

Once again, we've seen a huge amount of high-class student and professional work at the College. In terms of ticketed events, almost 26,000 tickets were sold across more than 200 student performances, and an estimated 5,000 members of the public also attended around 60 free productions, exhibitions and events throughout the year. In addition, approximately 12,000 tickets were sold for our 69 external public performances, and we hosted over 190 commercial events for our partner organisations. I am proud that we continue to make this major contribution to the cultural provision in Wales.

Young talent and progression into higher education

RWCMD's work with young people last year was extensive, notwithstanding the closure of our weekly provision in July 2024 out of financial necessity. Over 2,400 young people and members of community groups visited the College for bespoke workshops, tours and performances. In addition, our students provided performances/workshops in over 35 schools and community venues. Many of the highlights from this work are described in Section 7.

Throughout this work and our degree courses, we look to align with Medr's Strategic Aim 1 and committing to ensuring learner well-being and accessibility, including for those with protected characteristics and additional learning needs. We have been working hard this year to secure investment that will enable us to protect and grow our work with young people and support their progression into higher education.

Looking forward, RWCMD is uniquely positioned within the current ecosystem to expand its role and play a central convening and curating role with a core group of national organisations (RWCMD, NYAW, Urdd Gobaith Cymru, National Music Service and Seren) alongside Further Education colleges and schools to develop an evidence-based national talent partnership programme to support young people's engagement in the performing arts, and pathways to further and higher education.

Diversity, Equity, Inclusion and Belonging

Our overall ambition is for RWCMD to be a space for everyone with inclusivity as a core value where everyone is respected. We see this as integral to our excellence. Our international Chair of Diversity, Uzo Iwobi, reminds us that this is a journey we are on together. We recognise that we have not yet fully achieved our goals; however, through collective efforts and ongoing learning, we continue to make steady progress.

The College is a space for everyone – an open and welcoming place where diversity is celebrated and protected. We commit to provide respectful spaces that encourage on-going discussion between our staff, students and stakeholders and to identify and remove barriers to ensure more equitable outcomes are at the heart of what we do.

Our new Strategic Plan for Diversity, Equity, Inclusion and Belonging (DEIB) and Anti-Racisim plan were introduced in 2025. These embed inclusion as a core value, expressed as a vision to inspire and change lives and connect and transform communities through the arts. The aim is to address the systemic barriers that exclude people from music and drama opportunities, making music and drama more accessible for all regardless of background or protected characteristic. The supporting action plans set out actions for advancing and guiding our efforts, through proactive measures, to create an ever more equitable community for our students, staff, and partners, promoting diversity in all its forms in a culture of belonging where everyone can reach their full potential.

In addition, with the University of South Wales, the College successfully worked with the University to achieve the Race Equality Charter in July 2025 at Bronze level. Our ambition is to deliver genuine change through the bespoke action plan arising from this work. It has allowed us to assess, benchmark and measure the College's work against established best practice and present evidence to ensure that our commitment translates into meaningful action and progress. Work will continue to deliver on our identified actions.

Further 2024/25 Highlights

Royal Welsh College Brooch for Harp Excellence - we were delighted that harpist Bethany Coggon was awarded the inaugural Royal Welsh College Brooch for Harp Excellence by our President Dame Shirley Bassey at the College's annual dinner in June. The brooch, formerly used by the Official Harpist to The Prince of Wales, has been given on permanent loan by The King, who is Patron of the Royal Welsh College of Music & Drama.

Strings residencies – in October 2024 we announced our new innovative residency for two award-winning string quartets – The Carducci String Quartet and The Fibonacci Quartet. Supported by The Albert and Eugenie Frost Music Trust, with additional funding from the Colwinston Charitable Trust, this bold and transformative program places world-class string quartet practice at the core of the College's vibrant community, aiming to influence the future of string playing across Wales and beyond.

National Open Youth Orchestra – in May "NOYO" came to Cardiff for the first time, bringing together young disabled and non-disabled musicians from across the UK for an uplifting afternoon of contemporary classical music. The concert which included players from our very own NOYO students,

was a beautiful relaxed, inclusive performance that took place at BBC Wales' Hoddinott Hall and included neurodivergent and disabled audiences, and families.

Puppetry takeover at Techniquest – in the spring, our talented puppeteers took Techniquest visitors on a spectacular visual journey throughout the Techniquest Centre, exploring some of the greatest innovations in the world of science. The project showcased the skills and creativity of the College's Design for Performance students imagined in real life settings.

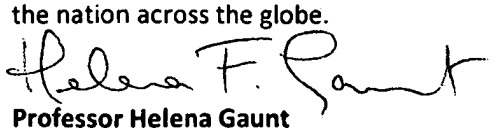
Craidd - In December 2024, we collaborated with Craidd, the Welsh partnership that aims to improve the representation of disabled people across Wales' theatre sector, and British Sign Language (BSL) consultants, to produce 'Treasure Island'. Integrating a new character for the BSL actor into the story was an important step forward and built on the previous year's success with our BSL integrated version of "A Christmas Carol'. Across the year over 755 audience members attended performances incorporating BSL.

2025 Honorary Fellows – we proudly announced new honorary fellows at our graduation in July. The names, listed below, brought together cultural leaders, artists and educators who define the College's belief in the power of the arts to change live, bring people together and transform society.

- Liam Evans-Ford - Executive Director and CEO of Theatr Clwyd,
- Barry Farrimond-Chuong MBE – CEO and co-founder of Open Up Music
- Max Humphries - Design for Performance graduate and award-winning puppet designer,
- Mari Pritchard – National Coordinator for National Music Service Wales
- Rhian Samuel – One of Wales' most important living composers,
- Huw Stephens – BBC Wales and BBC Radio 6 presenter and champion of new Welsh talent,
- Anjana Vasan – Olivier Award-winning actor and RWCMD graduate.

Alongside our Director of Music, Tim Rhys-Evans, I also had the extraordinary thrill and privilege to award Stevie Wonder an Honorary Fellowship live on stage at his concert in Cardiff's Blackweir Fields in July. Our President Dame Shirley Bassey summed it up perfectly: *"On behalf of Wales, and the Royal Welsh College, its national conservatoire, I'm delighted that Stevie Wonder has accepted this award in honour of his huge contribution to the world of music. His extraordinary talent and impact have been a source of inspiration to many, and we are thrilled to welcome him to Cardiff. His acceptance is a tremendous inspiration to our students and the wider community."*

I'm delighted that this year, despite the challenging climate for Higher Education, we have continued to deliver on our vision to change lives and transform and connect communities through the arts. My unwavering focus remains the sustainability of the College as Wales's Conservatoire. Whilst it has been a demanding year for us on this front, we have made significant strides forward. As this summary demonstrates, I have been very careful not to lose sight of our firm commitments to artistic excellence and community engagement, to diverse pathways into professional training, and to our role as the national conservatoire of Wales - championing our language, culture and people, and representing the nation across the globe.



Professor Helena Gaunt
Principal
18 November 2025

4. Corporate structure, trustees and directors

The Royal Welsh College of Music and Drama Limited is a limited company and a registered charity. It is governed by its Articles of Association. It is a subsidiary company of the University of South Wales ("USW") which is its sole member.

The Company's registered address is Castle Grounds, Cathays Park, Cardiff, CF10 3ER. The Charity's contact address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282.

The members of the Board, listed below, are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

The existing directors and those who held office during the year and up to the date of signing the annual report and financial statements, are given below:

Sarah Alexander OBE
April Kojeyo-Audiger
Antigone Alys Blackwell (RWCMD Student President)
Dr Ben Calvert (USW Vice Chancellor, University of South Wales - ex officio)
Mario Ferelli – retired by rotation 31 July 2025
Professor Helena Gaunt (RWCMD Principal - ex officio)
Ian Lewis
Tianyi Lu
Aled Miles – retired by rotation 30 November 2024
Roger Munnings CBE
Michael Plaut OBE (Chair)
Professor David Ruebain
Helen Sanderson (nominee of RWCMD Staff)
Nitin Sawhney CBE – resigned 29 October 2024
Louise Evans – appointed 31 January 2025
David Francis – appointed 31 January 2025
Helen Rowland – appointed 1 October 2025
Rhian Langham – appointed 1 October 2025
Desmond Clifford – appointed 1 October 2025
Chris Sutton – appointed 1 October 2025

5. Trustees Report

This report includes the Strategic Report and the Directors' Report required under the Companies Act 2006. The Trustees confirm that the financial statements for the year ended 31 July 2025 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

5.1. Strategic report

Financial Review

Principal activities
The College's principal activity continues to be the delivery of conservatoire education and professional training. In addition, the College activities include public performances and exhibitions and the maintenance and improvement of performance facilities for the benefit of our stakeholders and the local community. To maximise efficiency and to generate income the College's facilities are also hired out to the public when not being used for the educational activities.

Summary of main achievements
A summary of the main achievements of the College in 2024/25 is set out in section 6.

Financial strategy
The Chair's report, in section 2, outlines the significant progress the College has been made this year in addressing the financial challenges continuing to face the UK Higher Education sector.

The immediate priority set last year was to reduce projected deficits and to protect reserves in the short to medium term. All the key targets set for 2024/25 have been met; savings were delivered in line with plans. This was a key factor in enabling us to report an operating income and expenditure surplus and an operating cash surplus for 2024/25—exceeding the budgets approved by the Board in June 2024. As a result, our reserves and cash balances have increased, providing a foundation for the future. We are now continuing to develop and implement plans that will ensure RWCMD remains a distinctive conservatoire, delivering high-quality preparation for students and meaningful value for staff and communities.

Further cost reductions are likely to be needed in forthcoming years, and work continues in those areas in 2025/26. There is constant emphasis on careful cash management to support the strategic priorities while retaining and enhancing the College's infrastructure. It will not be enough to simply reduce costs; the College will also continue to adapt ways of learning and working and look to secure funding to invest in the physical and digital infrastructure to make it an attractive option for students wanting to build gainful careers in music and drama.

Key Financial Performance Indicators
The College uses the following key financial performance indicators ("KPIs") to monitor overall performance against its financial strategy. Performance over the last two years shows:

KPIs	2024/25	2023/24	2022/23
Income and Expenditure: Surplus before gains and losses - £000	1,774	2,109	608
Net cash flow from operating activities - £000	1,938	3,331	505
Net current assets - £000	8,609	6,401	4,550
Current ratio	3.2	2.6	2.2

The College is reporting another year with an overall surplus in the Comprehensive Income and Expenditure account, a solid operating cash out-turn and a resilient net current asset position.

Adjusted KPIs

The surplus before gains and losses reported in the Comprehensive Income and Expenditure account includes revenues which are

(i) Reserved (donor restrictions) for future capital works to develop the Old Library (2024/25: £Nil and 2023/24: £3.0m)

(ii) Invested for the long term in the College Endowment fund (2024/25: £384k and 2023/24: £33k).

Without these two items the adjusted position would have been as follows in the previous 3 years:

Adjusted KPIs	2024/25	2023/24	2022/23
Income and Expenditure: Surplus before gains and losses - £000	1,390	(891)	(1,567)

Financial prospects

As noted above the Trustees and Senior Leadership Team continue to develop a sustainable future financial plan that seeks to protect reserves by reversing currently projected future deficits in the next 2-3 years.

Financial Performance 2024/25 – Headlines from the Financial Statements

	2024/25 £000	2023/24 £000	*Change £000*
Total income	21,141	22,176	*-1,035*
Total expenditure	19,367	20,067	*-700*
Surplus before gains and losses	1,774	2,109	*-335*
Net cash inflow from operating activities	1,938	3,331	*-1,394*
Net assets	21,647	19,746	*+1,901*

Income

2024/25 saw a fall in overall income of £1.0m. £1.6m additional student fee income (an increase of 15.3%) of which £1.3m (82%) was growth in international students was offset by a £3.0m reduction in capital donations for the Old Library.

Expenditure

Expenditure continued to be reduced for a second consecutive year. Costs fell by £0.7m (a reduction of 3.5%) in total. In general, in year inflationary increases (including salary inflation and pension increases) were absorbed together with delivering on in-year cost savings measures.

In more detail, salary costs reduced by over £1.0m – this included the impact of the closure of Young RWCMD in Summer 2024 (with some loss of income also reflected above), together with some recurring savings due to other in year structural staffing changes. However, some of these savings were offset by targeted increased investment in student support (including scholarships, bursary and hardship) to support the increase in student numbers in the year.

Cash generated from operating activities

Net cash inflow from operating activities was £1.9m in 2024/25 compared to £3.3m in 2023/24.

In 2024/25 this included donations received towards future capital expenditure at the Old Library of £nil which compared to £3.0m in 2023/24.

Other significant cash movements in the year included payments to acquire fixed assets of £0.7m (including capital expenditure of £0.5m (2023/24 £0.8m) on the Old Library) and scheduled loan repayments to Barclays Bank plc (including loan interest) of £0.5m.

Net assets
The increase in net assets of £1.9m reflects the increase in total comprehensive income in the year.

5.2. Engaging with our stakeholders (section 172 (1) statement)

The Trustees (who are also Directors of The Royal Welsh College of Music and Drama Limited for the purposes of company law) have a duty to promote the success of the College having regards to the interests of our stakeholders, our students, our audiences, our employees, Higher Education Funding Council for Wales (now Medr), our relationships with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of quality, care and business conduct.

All key Board decisions consider the impact on relevant stakeholders with a particular focus on providing high-quality service performance, community engagement, innovation, best practice in governance, workplace practices and responsible corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues and where these views may not align, the Board will take the best course of action to promote the company's long-term success.

Our students
Our students are at the heart of our purpose and operations. We aim to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential.

Employees, Employee Involvement and Disabled Employees
Our strategic Diversity, Equity, Inclusion and Belonging (DEIB) plan details our commitment to creating an inclusive learning and working environment in which everyone in our diverse community feels a sense of belonging, is enabled to achieve their full potential and can contribute to our vision of making music and drama more accessible for all. Our DEIB commits to:

- ongoing and active dialogue with staff to better understand and respond to their lived experience of our diverse staff body
- develop strategies to attract diverse applications alongside addressing identified academic and professional recruitment and selection outcome inequities
- create career development and mentoring opportunities that are transparent and equally available for all staff
- review and evaluate career and work support for underrepresented staff groups
- transparent and equitable staff regrading and progression processes and support mechanisms

Applications for employment by disabled persons are always fully considered, taking into account the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the College continues, and the appropriate training is arranged. It is the policy of the College that the training, career

development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives is regularly undertaken, with the aim of ensuring that their views are considered when decisions are made that are likely to affect their interests.

Communication with all employees is undertaken through regular staff meetings and e-mails and occasional staff surveys. Staff members also have a Director as a representative on the Board of Directors.

Regulators
The College provided Higher Education services during the year. The College is a wholly owned subsidiary of the University of South Wales ("USW") who are regulated by Medr. Medr is the principal funding body from which most of the College grant income is received. USW and the College work closely with Medr as part of the USW group funding arrangements. Regular qualitative and financial reports are submitted, and the College's success is dependent on this open and reciprocal relationship.

The College as a company and charity, also reports via Companies House and the Charity Commission.

Suppliers
Strong relationship with suppliers ensures continuity of our operations and our ability to service our stakeholders to the highest possible standards. Suppliers include suppliers of product and services across our education, public performance, venue and other commercial services. Suppliers are paid fairly within agreed timescales, and we aim to conduct ourselves professionally and to high standards. We work closely with suppliers to ensure they have effective controls in place to protect our students' and other stakeholders' health and safety and the security and privacy of their data.

Communities and environment
We continue to invest in this area which is led by our Communities Engagement Partner. We've outlined some of the highlights of the past year in section 6 of this report.

5.3. Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the year to 31 July 2025:

	2024/25	2023/24
Energy consumption used to calculate emissions (kWh)	2,860,358	2,520,255
Scope 1: emissions in metric tonnes CO2e		
Gas consumption	330	300
Own transport	22	32
Scope 2: emissions in metric tonnes CO2e		
Purchased electricity	198	252
Scope 3: emissions in metric tonnes CO2e		
Own transport	40	51
Business travel in employee-owned vehicles	5	5
Total gross emissions - Metric tonnes CO2e	595	640
Intensity ratio – tonnes CO2e per student	0.64	0.75

Qualification and reporting methodology
We have followed the 2019 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's conversion factors for Company Reporting.

Intensity measurement
The chosen intensity measurement is a calculation of a ratio of total gross emissions in metric tonnes Co2e per student, the recommended KPI for the sector.

Measures taken to improve energy efficiency

All the College's electricity is sourced from green renewable sources and all lighting at North Road and Llanishen is LED, with the exception of infrequently used store and plantrooms - these will be replaced when life-expired. Further work to convert lighting to LED in studios and communal spaces has been undertaken at the Old Library. Phase 1 refurbishment works planned for 2025/26 at the Old Library will include various decarbonisation measures including insulation, double glazing, LED lighting and improved ventilation. Since 2021 the College has been replacing our fleet of diesel fuel vehicles with hybrid versions, along with reducing the size of our fleet overall. The 198Kw solar panel array installed on our North Road campus roof in 2022, generated 195 MWh in 2024/25. For 2024/25, the array produced 1/5 of the total electricity consumed at the North Road site.

Working with the Welsh Government Energy Service we continue to identify and undertake remedial works, where possible and affordable, to improve insulation and reduce heat loss through the fabric of the building. The College is working to improve capturing and reporting of carbon production from its activities.

5.4. Principal risks and uncertainties

The College has identified a number of high-level strategic risks that it monitors on a regular basis. These include:

Financial health of the sector
As referenced above, and earlier in the Chair's Report, the external Higher Education environment continues to be challenging. The tuition fee cap in Wales will finally increase from £9,000 to £9,535 in September 2025. Whilst this is a welcome step for UK full-time undergraduate course fees, university finances, across the UK, remain difficult as all parties grapple with the cost and pension inflation which has outstripped the capped fees for over a decade. An additional factor for Welsh colleges and universities is that fewer and fewer Welsh students are choosing university post 18 and so participation rates in Wales continue to decline.

To manage these challenges and mitigate the impact of these risks, the Board and Senior Management Team have taken pro-active steps to protect reserves in the short to medium term with £1.5m cost savings delivered during 2024/25. A dedicated project team remains in place as we develop and implement longer term plans to drive financial sustainability. The aim is to simultaneously create a framework to cut costs but also to create a platform to adapt to competitive and future focused ways of working by investing in infrastructure (physical and digital) and adapting the ways in which we learn, teach and work.

Recruitment and retention of students
The College's strategic plan targets modest annual growth in its current level of undergraduate and postgraduate student numbers and overseas students while ensuring the quality of students remains high. The College has flexible detailed actions together with a system of enhanced partnerships and an investment strategy to support these plans. Strong controls are in place which include direct oversight by the Executive and close working and alignments of academic and recruitment teams. The Board provides appropriate support and challenge for this work.

Fundraising
Fundraising support from trusts and foundations, public funders, businesses, and individuals continues to be essential to offering our students distinctive training and public performance opportunities. This support also ensures that, through scholarships and bursaries, young artists can more easily afford the cost of accessing a world class education to develop their creative talent and are not excluded from the opportunities the College offers them. In a highly competitive and challenging funding environment, the work of the newly established Advancement Team is ever more crucial to the College and, while the generosity of our supporters has resulted in another positive year, it is clear that there remains risk attached to the future targets that have been set.

Income generation
As reported last year, our income from commercial activities continues to grow steadily – underpinned by our loyal customer base and new audiences that contribute to strong box-office ticket sales, a packed facility hire and events programme and a very busy catering and bar operation. Our commercial income streams are projected to continue to grow in future years.

5.5. Directors Report

Directors
The Directors who served during the year are set out in Section 3 of these financial statements.

5.6. Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2025 (2024 – £nil).

5.7. Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes to the accounts.

The Directors have reviewed the College's cash flow forecasts for a period in excess of twelve months from the date of approval of these financial statements (the going concern assessment period). After reviewing these forecasts, including compliance with current banking covenants and considering whether there are any material uncertainties, the Board are of the opinion that, taking account plausible downsides which reflect the risks and uncertainties described in this Trustees report and specifically in section 4.4, the College will have sufficient funds, to meet its liabilities as they fall due over the period reviewed. Accordingly, the financial statements have been prepared on a going concern basis.

5.8. Statement of Corporate Governance and Internal Control

Commitment to Best Practice in Governance

The College strives for governance to be undertaken in an open and accountable manner and aims to comply with best practice within the higher education sector. This summary describes how the relevant principles of corporate governance are applied to the College.

The Board of Directors of RWCMD is responsible to the Board of Governors of the University of South Wales which is the sole 'member' of the College. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College except insofar as the College has its own arrangements.

The Board of Directors carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The directors discharge this responsibility through:

- Effective review by the College Board and relevant University of South Wales committees (including internal and external audit function).
- Effective scrutiny of financial performance including review and approval of budgets and regular review and monitoring of management accounts throughout the year.
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems.
- The identification and management of risk embedded in all business operations and systems.
- Adherence to the Committee of University Chairs Code of Governance.

The College's approach for the effective management of risk is set out below:

- A focus on the active management of risk as an integral part of the management process within every part of the organisation.
- Clearly identifying risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the College's reputation, its financial position or its day-to-day operations or any combination thereof.
- Actively encouraging all managers to consider risk implications of each major decision, contract or project as a normal part of their day-to-day work.
- Integrating risk management into the annual planning process which is how the Executive determine and co-ordinate the College's activities.
- The Principal and the Senior Leadership Team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the College's risk register.
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Principal and the Senior Leadership Team work with the College managers and their teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks.
- The risk register identifies significant risks and contains details of:
  - the nature of the risk and its potential impact
  - the likelihood of the risk crystallising
  - the 'owner' of the risk
  - the control processes which manage the risk
- USW through its Audit Committee agree an annual programme of audit work to be carried out across the group by its internal auditors. The approach to internal control is risk based: this

includes business, operational and compliance risks as well as financial risk. The College Board receives copies of the minutes of all USW Audit Committee meetings.

- The University of South Wales' Audit Committee regularly reviews the adequacy of the process of risk management at the College as it continues to be developed.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2025 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

Board of Directors and its sub committees

The Board of Directors met five times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established for the College, all audit reports and reviews and other information relating to the College are formally received by the University of South Wales's Audit Committee which normally meet four times per year and acts as the College Board's Audit Committee. In addition the RWCMD Board of Directors, or small groups from the Board, will meet regularly with the Executive to monitor and review information, including financial performance and planning, relating to the College. The annual report of the internal auditors is considered by the University's Audit Committee who approved the internal audit plan for the year. The College's Board of Directors receive all papers in respect of the audit plan for the year and its subsequent reports and findings.

5.9. **Statement of disclosure of information to auditors**

In the case of each Director in office at the date the Directors' Report is approved, the following applies:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

5.10. **Directors' indemnities**

The Company (through the USW Group) had and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors'. This was also in force at the date of approval of the annual report and financial statements.

5.11. **Independent Auditors**

The auditors, HaysMac LLP, were appointed in July 2024 and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a future meeting of the RWCMD Board.

By order of the board

W D Callaway
Company Secretary
18th November 2025

6. Statement of Directors' responsibilities in respect of the Trustees' Annual Report and the financial statements

The directors are ultimately responsible for preparing the Trustees' Annual 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 charitable company and of the income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for ensuring the College keeps adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

7. Objectives and activities for the public benefit

7.1. Charitable Objectives

The College promotes the advancement of education and learning for the public benefit, specifically the training of performers and others in music, drama, design and theatre, through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications. It also provides, maintains and improves performance facilities for the benefit of the local community.

Through the provision of high-quality training, the College seeks to produce graduates who are articulate and innovative in their art forms and equipped to manage the development of their careers. This provides the music and theatre industries with a highly skilled workforce, able to represent Wales on the world stage and make a significant contribution to the cultural and artistic life of Wales and beyond.

7.2. Fulfilment of Charitable Objectives

Beneficiaries:
The College has a higher education student population of 930 students of whom 76% are UK and 23% from overseas. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. Other beneficiaries extend to children and younger students as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The public attend around 300 ticketed public performances each year in addition to free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:
The College seeks to recruit, irrespective of the background, the most able and talented students, as well as those who exhibit exceptional potential. The College's DEIB plan commits:

- ongoing and active dialogue with students to better understand and respond to their lived experiences
- to better understand and address student admissions, degree awarding inequities and graduate outcomes
- to diversify student recruitment through community engagement activities
- in partnership with students, and drawing on specialist and industry expertise, to co-create and embed inclusive curriculum and decolonising principles within quality assurance processes and our learning and teaching, enabling all to develop their inclusive practice.

Within its undergraduate programmes demand for places is high and assessment is normally conducted by audition interview or portfolio submission.

7.3. Public Benefit Statement

Development and fundraising:
In the final quarter of 2024/25 the College establishing its new Advancement Team, and the appointment of its first ever Director of Advancement. This new Advancement team combines the formerly distinct Brand and Digital Communications Team with the College's Development Team and is focussed on delivering an accurate and compelling narrative for the College, securing charitable funding, building influential partnerships, and elevating the College's global profile.

Prior to the above changes, the former Development Team led on the College's professional fundraising efforts for the majority of 2024/25. Fundraising focussed on three key areas – supporting our students, capital priorities, and key projects – with notable successes across each.

Supporting our students – bursaries and scholarship support
2024/25 was a particularly significant year for the College's bursary scheme. Boosted by the completion of the College's 75th Birthday Appeal in 2024 and its focus on this vital area, the College extended the number of bursary recipients by over 20%. Support of either £900 or £1,500 per annum (linked to household income) was increased from the previous provision of £800 or £1,200. A total of 151 undergraduates, those most in need of financial assistance, were given the gift of opportunity.

Our scholarship policy provides means-tested support for students with protected characteristics, with particular emphasis on ethnic diversity and disability, students in financial need and Welsh domiciled students. There are also a limited number of scholarships which are offered as a means of attracting the most gifted and talented students and in order to achieve balanced cohorts of students to enable training in recognised core ensembles.

The 2024/25 academic year saw a total of 383 scholarships awarded to 342 students, ensuring more exceptional talent than ever before from diverse backgrounds across Wales, the UK, and internationally were given the opportunity to develop, express and contribute their creative voices. 139 of these scholarships were made possible by the generosity of our supporters.

Capital Priorities
The Old Library capital campaign, to fund the restoration and transformation of the College's campus in Cardiff's city centre, has achieved further success for the future. Funding for the first phase of major refurbishment to begin in Autumn 2025 was enahnced with notable commitments of a further £1.5 million from the Foyle Foundation (bringing their total contribution to £2m), and £700,000 from the Welsh Government Transforming Towns Programme.

Key Projects
A central theme throughout 2024/25 was 'Reaching Wider'. Thanks to support from The Simon Gibson Charitable Trust and Parkinson's UK, the College launched the 'Good Vibrations' free choir, supporting individuals with Parkinson's and their loved ones - an inspiring, new and supportive community reaching far beyond its home at the College.

2024/25 has seen continued focus on raising vital support for outstanding young artists across drama and music – notably through the Cronfa Syr Bryn Terfel Fund, and the David Rowe-Beddow Shakespeare Prize. For the latter, support was afforded to recognising excellence in the art of speaking Shakespearean verse, an essential element of modern drama training. For the former – a celebration of Welsh language and culture - notable engagement and fundraising events were hosted in the UK and North America, unlocking support for the next generation of outstanding voices to receive residential masterclass training and the opportunity for Prize support.

More broadly, support for numerous opportunities including crucial financial hardship assistance, the student performance programme, and the holistic student experience have been made possible thanks to the generosity of our supporters. Members of the College's recognition circles - Connect, Chairs' Circle, and The '49 Circle - have been the bedrock of this support, and over £0.5m was received through gifts in Wills during 2024/25.

The College continues to be registered with the Fundraising Regulator and across all fundraising the College adheres to The Code of Fundraising Practice, including the guidance in relation to vulnerable donors. No complaints have been received during the year in relation to fundraising.

The College remains deeply grateful to the many individuals, charitable trusts, businesses and organisations whose kind support continues to make a significant impact - enabling the College to transform countless lives through the arts in Wales and beyond.

A full list of supporters can be viewed on the College website:
https://www.rwcmd.ac.uk/support-us/thank-you.

Widening Participation

Pre-18s Activity
Following the difficult decision in July 2024 to close, out of financial necessity, our regular Junior Conservatoire weekend music and drama provision for under-18s, we have driven a strategic shift to develop more sustainable models of engagement, while continuing to champion the development of young talent across Wales. The College remains committed to ensuring that young people with exceptional ability and potential—regardless of their geographic or socio-economic background—are supported as part of the creative industries talent pipeline.

Throughout 2024/25, RWCMD has focused on building a new partnership-led approach to support outstanding young talent. Collaborations with National Youth Arts Wales (NYAW), the National Music Service for Wales (NMSW), the Urdd, and Seren have been central to this work. Together, we are mapping development pathways into professional training, identifying gaps and strengths, and defining where RWCMD can have the most targeted and impactful role.

The College continues to serve as a convener and quality reference point within the wider arts ecology, offering specialist tuition, mentorship, and access to conservatoire-level experiences. Over 2,000 young people across Wales engaged with RWCMD initiatives this year, including:

- Immersive Weekend Music Workshops: Designed to inspire participants from beginners to emerging professionals.
- National Open Youth Orchestra (NOYO) Cardiff Ensemble Residency: In partnership with BBC NOW and Open Up Music, supporting 9 auditioned members aged 12–23, with expanded ensemble numbers confirmed for 2025/26.
- Holiday Courses in Production Arts: Offering hands-on training and creative exploration.
- School and Community Engagement: Embedded within degree programmes, including partnerships with Making Music Changing Lives (Ely) and the Oasis Centre (Splott), targeting areas of deprivation.

Community Engagement
In 2024/25, RWCMD deepened its commitment to community engagement through a wide range of inclusive and collaborative initiatives across Wales and beyond.

Thirty residencies supported recent graduates and students, helping them develop performance, business, and arts management skills in partnership with host venues. These included new placements in healthcare settings such as City Hospice and Velindre Hospital, and regional expansions like the jazz ensemble residency at Rhosygilwen in Pembrokeshire. The Music in Country Churches series continued to thrive, featuring RWCMD prize-winners performing with the English Chamber Orchestra, including Mared Emyr Pugh-Evans, recently appointed Royal Harpist to His Majesty The King.

The College launched a Community Ticketing Scheme, offering free access to performances for individuals from underrepresented and disadvantaged backgrounds, including asylum seekers,

disabled people, care-experienced youth, and members of the Tempo Time Credit network. Partners included Race Council Cymru and Chinese in Wales.

Engagement efforts were also focused on young people with Protected Characteristics, with targeted Open Days and workshops, for example in Merthyr Tydfil and Abercynon, engaging ethnically diverse young people and those facing economic and social disadvantage.

Drama students collaborated with The Wallich and The Forget Me Not Café, applying ethical training to deliver creative projects supporting people affected by homelessness and dementia.

At the Old Library, RWCMD partnered with a diverse range of cultural organisations to promote inclusive arts programming. These included UCAN Productions (supporting blind and partially sighted individuals), Hijinx (delivering drama and puppetry workshops for learning-disabled and autistic artists), Ayan Cymru (hosting Bollywood-themed workshops for Asian communities), and Kaleidoscope CIC and Ty Roots (supporting Eastern European immigrant communities). The "Welcome to Wales" exhibition, led by Pamela Howard OBE, engaged blind and homeless communities and Windrush Elders through creative writing, braille art, and sculpture, later used as a teaching aid for inclusive programming.

Independent auditor's report to the members of the Royal Welsh College of Music and Drama Limited

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the charitable company") for the year ended 31 July 2025 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2025 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Trustees' Report and the Chair's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable 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 the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our 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 our 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.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in

respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with company law and charitable law applicable to charitable companies in England and Wales, we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Further and Higher Education SORP 2019, Companies Act 2006, the Charities Act 2011, taxation legislation and pensions legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the improper cut-off of revenue other than that from student fees and management override of controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steve Harper (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Dated: 25 November 2025

10 Queen Street Place
London
EC4R 1AG

Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2025

	Notes	2025 £'000	2024 £'000
Income			
Tuition fees and education contracts	3	**11,769**	10,728
Funding body grants	4	**4,453**	4,277
Other income	5	**2,485**	2,333
Investment income	6	**437**	446
Total income before donations and endowments		**19,144**	17,784
Donations and endowments	7	**1,997**	4,392
Total income		**21,141**	22,176
Expenditure			
Staff costs	8	**8,505**	9,573
Other operating expenses		**9,573**	8,883
Depreciation	11	**1,008**	1,269
Interest and other finance costs	9	**281**	342
Total expenditure		**19,367**	20,067
Surplus before other gains and losses		**1,774**	**2,109**
Gain on disposal of fixed assets		**-**	-
Gain on investments	17	**185**	259
Surplus for the year		**1,958**	**2,368**
Actuarial (loss) in respect of pension schemes	24	**(58)**	(41)
Total comprehensive income/(expenditure) for the year		**1,901**	**2,327**
Represented by:			
Endowment comprehensive income	17	**562**	355
Restricted comprehensive income for the year	18	**146**	3,065
Unrestricted comprehensive (expense) / income for the year		**1,192**	(1,093)
		1,901	**2,327**

All items of income and expenditure relate to continuing activities.

Statement of Changes in Reserves
for the year ended 31 July 2025

	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2023	4,426	2,401	8,772	1,819	17,418
Surplus/(Deficit) for the year	355	3,065	(1,052)	-	2,368
Other comprehensive income	-	-	(41)	-	(41)
Balance at 31 July 2024	4,781	5,466	7,679	1,819	19,745
Balance at 1 August 2024	**4,781**	**5,466**	**7,679**	**1,819**	**19,745**
Surplus/(Deficit) for the year	**562**	**146**	**1,251**	-	**1,958**
Other comprehensive income	-	-	**(58)**	-	**(58)**
Balance at 31 July 2025	**5,343**	**5,612**	**8,872**	**1,819**	**21,646**

Balance Sheet
as at 31 July 2025
(Company Registration: 06013744)

	Notes	2025	2024
		£'000	£'000
Non-current assets			
Tangible assets	11	**24,478**	24,796
Heritage assets	11	**500**	500
Other	11	**135**	135
		25,113	25,431
Current assets			
Stock		**16**	14
Trade and other receivables	12	**779**	629
Investments	13	**8,854**	8,109
Cash and cash equivalents	19	**2,846**	1,832
		12,495	10,584
Creditors: amounts falling due within one year	14	**(3,886)**	(4,183)
Net current assets		**8,609**	6,401
Total assets less current liabilities		**33,722**	31,832
Creditors: amounts falling due after more than one year	15	**(11,919)**	(11,915)
Provisions			
Other Provisions	16	**(156)**	(171)
Total net assets		**21,647**	19,746
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	**5,343**	4,781
Income and expenditure reserve - restricted reserve	18	**5,612**	5,466
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		**8,872**	7,679
Revaluation reserve		**1,819**	1,819
		21,646	19,745
Share Capital		**1**	1
Total Reserves		**21,647**	19,746

The financial statements on pages 28 to 49 were approved and authorised for issue by the Board on 18th November 2025 and signed on its behalf by:

Michael Plaut OBE
Chair of Board of Trustees

Cash Flow Statement
for the year ended 31 July 2025

	Note	2025	2024
		£'000	£'000
Cash flow from operating activities			
Surplus for the year		1,958	2,368
Adjustment for non-cash items			
Depreciation	11	1,008	1,269
Unrealised gain on investments	17	(185)	(259)
(Increase) / decrease in debtors	12	(150)	(313)
(Increase) / decrease in stock		(2)	(4)
Increase/ (decrease) in creditors	14, 15	(249)	304
LGPS Pension costs less contributions payable		(73)	(53)
Capital grant income	4	(270)	(293)
Adjustment for investing or financing activities			
Interest payable	9	284	345
Endowment income	7	(384)	(33)
Net cash inflow from operating activities		1,938	3,331
Cash flows from investing activities			
Movement in investments		(560)	(771)
Payments made to acquire fixed assets	11	(690)	(1,239)
		(1,250)	(2,010)
Cash flows from financing activities			
Interest paid		(284)	(345)
Endowment income		384	33
Repayments of amounts borrowed		(201)	(192)
New loans received		427	0
		326	(504)
Increase/ (decrease) in cash and cash equivalents in the year		1,014	817
Cash and cash equivalents at beginning of the year	19	1,832	1,015
Cash and cash equivalents at end of the year	19	2,846	1,832
Movement		1,014	817

Analysis of changes in net debt	As at 1 Aug 2024	Cashflows	Other Changes	As at 31 Jul 2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	1,832	1,014	-	2,846
Debt due within one year	(201)	201	(211)	(211)
Debt due within more than one year	(5,177)	-	(216)	(5,393)
	(3,546)	1,215	(427)	(2,758)

Notes to the financial statements for the year ended 31 July 2025

1 Basis of Preparation

The Company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is Castle Grounds, Cathays Park, Cardiff, CF10 3ER. The Company is also registered as a charity with the Charity Commission under registered charity number 1139282. It is a subsidiary company of the University of South Wales which is its sole member.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of certain financial assets and liabilities at fair value, in accordance with the Companies Act 2006, as adapted to the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). The principal accounting policies are set out below and have been applied consistently throughout the year.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes to the accounts.

The Directors have reviewed the College's cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements (the going concern assessment period). After reviewing these forecasts, including compliance with current banking covenants and considering whether there are any material uncertainties, the Board are of the opinion that, taking account plausible downsides which reflect the risks and uncertainties described in this Trustees report and specifically in section 4.4, the College will have sufficient funds, to meet its liabilities as they fall due over the period reviewed. Accordingly, the financial statements have been prepared on a going concern basis.

Notes to the financial statements for the year ended 31 July 2025

2 Accounting policies

Income recognition

Income from tuition fees is recognised over the period in which students are studying and includes all fees chargeable to students or their sponsors. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of any discount.

Income from the sales of goods and services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Grant Funding

Government grants, including funding council block grant, are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Donations and Endowments

Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions.

Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

The main types of donations and endowments identified within reserves are:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College
3. Restricted permanent endowments – the donor has specified that the fund is be permanently invested to generate an income stream to be applied to a particular objective
4. Unrestricted donations – the donor has not specified conditions associated with the donation

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset under the accruals method. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance conditions being met.

Notes to the financial statements for the year ended 31 July 2025

2 Accounting policies (continued)

Accounting for retirement benefits

The two principal pension schemes for the College's staff are the Teachers' Pension Scheme ("TPS") and Rhondda Cynon Taff Pension Fund ("RCTPF"), a Local Government Pension Scheme ("LGPS"). RCTPF is a defined benefit scheme which is externally funded.

TPS is a multi-employer scheme, and it is not possible to identify each institution's share of the underlying liabilities in relation to the TPS and hence, contributions to the scheme are accounted for as if this was a defined contribution scheme, any cost recognised within the income statement being equal to the contributions payable to the scheme for the period.

Under IAS 19, the College considers the recoverability of any pension surplus and determines if there is any economic benefit available to the company to enable the recovery of this. Where the College believes there is no economic benefit, this surplus is not recognised as a recoverable asset.

Employment Benefits

Short term employment benefit such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement. Where the calculation results in a net asset, recognition is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds.

Early Retirement Provision

The Company maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement.

Provisions are established and the associated costs are charged to the income and expenditure account when the College has a legal or constructive obligation. The provision relates to enhanced teachers' unfunded pension arrangements established by the College. These are termination benefits made on a discretionary basis upon early retirement, in respect of the Teachers Pension Scheme.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Tangible Fixed Assets

Tangible fixed assets are initially recorded at purchase cost, including non-recoverable VAT, incidental costs of acquisition, less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life, as stated below. Depreciation is charged for a full year within the year that the asset becomes available for use.

Notes to the financial statements for the year ended 31 July 2025

2 Accounting policies (continued)

All fixed assets are reviewed for indicators of impairment at each balance sheet date.

Land and buildings
Land and buildings inherited from Royal Welsh College of Music and Drama Higher Education Corporation are stated in the balance sheet at their net book value on transfer.

As at 1 August 2014 asset lives were reassessed and revised depreciation rates applied to the net book value as at that date. The original Raymond Edwards building is being depreciated over 35 years, with the additional facilities being depreciated over 50 years, which is the expected remaining useful economic life.

Land was revalued to fair value on 1 August 2014, the date of transition to the 2015 Further and Higher Education SORP, resulting in a revaluation reserve of £1,819,000. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

Long leasehold buildings are depreciated over the shorter of the lease term and expected useful life.

Buildings under construction are capitalised at cost. Interest on loans used to fund capital projects is capitalised until such projects are brought into use. No depreciation is charged, until the year in which buildings under construction are brought into use.

Fixtures, fittings and plant and machinery
Equipment costing less than de minimis of £1,000 per individual item, is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost, including non-recoverable VAT, and is depreciated over its expected useful life, as follows:

Category of asset	Depreciation rate
Fixtures and fittings	7 years straight line
Plant and machinery	Between 3-10 years straight line

Heritage Assets
Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets acquired since College formation have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations. In subsequent periods, Heritage assets are held at cost less any identified impairment.

Information on the valuation of Heritage assets is set out in note 11.

Notes to the financial statements for the year ended 31 July 2025

2 Accounting policies (continued)

Investments

Investments are held at fair value with movements recognised in income and expenditure.

Cash

Cash includes cash in hand and cash equivalents.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

The College is a charity registered with the Charity Commission number 1139282 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

Loans

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

Reserves

Reserves are classified as Restricted or Unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and the College is restricted in the use of these funds.

Use of estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual amounts may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3	**Tuition Fees and Education Contracts**	Notes	**2025 £'000**	2024 £'000
	Full-time home students		**6,587**	6,301
	Full-time international students		**5,182**	3,906
	Short Course Fees		**-**	521
			11,769	10,728

4	**Funding Body Grants**	**2025 £'000**	2024 £'000
	Medr (previously Higher Education Funding Council)	**4,183**	3,984
	Amortisation of Deferred Capital grant	**270**	293
		4,453	4,277

5	**Other Income**	**2025 £'000**	2024 £'000
	Catering	**748**	828
	Rental income	**22**	131
	Other income*	**1,715**	1,374
		2,485	2,333

* Included in other income is box office (ticketing) and venue hire income

6	**Investment Income**		**2025 £'000**	2024 £'000
	Investment income on endowments	17	**110**	117
	Other investment income		**327**	329
			437	446

7	**Donations and endowments**		**2025 £'000**	2024 £'000
	Endowment income (new endowments)	17	**384**	**33**
	Donations with restrictions	18	**970**	**3,724**
	Unrestricted donations		**643**	**635**
			1,997	4,392

8 Staff Costs

	2025	2024
Staff Costs	£'000	£'000
Salaries	6,435	7,465
Social security costs	679	685
Other pension costs	1,391	1,423
Total	8,505	9,573

Included in other pension costs are £1,098k (2024 : £1,052k) for defined contribution schemes.

Staff costs above include redundancy costs of £nil (2024: £415k).

Further to the amounts shown above, the College was charged £2,727k (2024: £2,615k) for services provided by PSS* These costs are reported in other operating expenses in the Statement of Comprehensive Income and Expenditure.
**Professional and Support Services Limited ("PSS") is a wholly owned subsidiary of the University of South Wales and provides professional and support services (principally staff) to RWCMD.*

Remuneration of directors and higher paid employees	2025	2024
(a) Directors and higher paid employees:	£'000	£'000
Salary	321	320
Benefits	3	3
Pension contributions to LGPS	59	57
	383	380

	2025	2024
(b) Emoluments of the Principal:	£'000	£'000
Salary	173	170
Benefits	3	3
Pension contributions to LGPS	29	29
	205	202

Remuneration of the Principal of the College expressed as:	2025	2024
Basic salary as a multiple of the median basic salary of all staff	4.08	4.21
Total remuneration as a multiple of the median total remuneration to all staff	3.77	4.05

Remuneration of higher paid staff (excluding employer's pension contributions):	Number	Number
£100,000 to £109,999	-	-
£110,000 to £119,999	1	1
£160,000 to £169,999	-	-
£170,000 to £179,999	1	1

Number of full time equivalent staff during the year by major category, including senior post-holders:

	2025	2024
Academic	95	109
Other	52	66
	147	175

In addition to the above, the numbers of full time equivalent staff employed by PSS and providing services during the year to RWCMD was 94 (2024: 83).

8 Staff Costs (continued)

Average headcount equivalent staff numbers by major category, including senior post-holders:

	2025	2024
Academic	**189**	234
Other	**67**	80
	256	314

Average headcount of staff employed by PSS and providing services during the year to RWCMD was 135 (2024: 132).

Trustee expenses

The College's Board members are the Trustees for charitable law purposes.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year.

The total expenses paid to or on behalf of Trustees was £4,823 (2024 - £4,383).

Notes to the financial statements
for the year ended 31 July 2025

9 Interest and Other Finance Costs	2025 £'000	2024 £'000
Loan interest	**284**	345
Net (credit)/ charge on pension scheme (see note 24)	**(3)**	(3)
	281	342

10 Analysis of Total Expenditure by Activity	2025 £'000	2024 £'000
Academic and related expenditure	**11,506**	12,143
Administration and central services	**3,502**	3,139
Premises	**2,684**	3,017
Residences, catering and conferences	**761**	789
Other expenses	**914**	979
	19,367	20,067

Other operating expenses included:

	2025 £'000	2024 £'000
External auditor's remuneration in respect of audit services	**29**	28
External auditor's remuneration in respect of non audit services	**5**	5
Operating lease rentals - other	**289**	258

Notes to the financial statements
for the year ended 31 July 2025

11 Tangible Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2024	27,893	3,478	5,208	1,801	38,380
Additions	-	475	146	69	690
Disposals	-	-	-	-	-
At 31 July 2025	**27,893**	**3,953**	**5,354**	**1,870**	**39,070**
Accumulated depreciation					
At 1 August 2024	7,081	1,454	3,708	1,341	13,584
Charge for the year	469	21	509	108	1,107
Reverse prior year charge on Assets Under Construction	-	(99)	-	-	(99)
Disposals	-	-	-	-	-
At 31 July 2025	**7,550**	**1,376**	**4,217**	**1,449**	**14,592**
Net book value					
At 31 July 2025	**20,343**	**2,577**	**1,137**	**421**	**24,478**
At 31 July 2024	20,812	2,024	1,500	460	24,796

Included in the net book value of fixed assets is aggregated interest capitalised of £258k (2024 - £266k).

Leasehold Land and Buildings includes Assets Under Construction (planning and design fees on the Old Library capital redevelopment).

Heritage Assets

	Heritage Assets	Total
	£'000	£'000
Cost		
At 1 August 2024	500	500
At 31 July 2025	**500**	**500**

The Heritage Assets stated above are the Foyle Opera Rara Collection. The College acquired the collection from Opera Rara in 2018 following a major grant from the Foyle Foundation for a purchase price of £500,000. The Collection had previously been valued by Christie's in 2016 and at that time it was thought if the entire collection was negotiated *en bloc* for sale , this could achieve a sales price between £415,000 - £545,000.

Opera Rara
Opera Rara is a UK based opera company founded by Patric Schmidt and Don White in the early 1970's. The company specialise in bringing rare and forgotten operas back to life. The Opera Rara catalogue comprises over 100 titles, including 60 complete opera recordings and their work has led to a fundamental revaluation of the reputation of Donizetti, Pacini, Offenbach and Mercadante, changing the way in which these composers are perceived internationally.

Foyle Opera Rara
The collection was largely amassed by the founders who travelled through Europe, scouring music shops and book shops, collecting items they thought were interesting. Because of this, the collection is extremely varied.

The collection is free to access and open to everyone. Items from the collection are put on public display from time to time in various temporary exhibitions.

The College is currently in the process of cataloguing the collection and maintains the condition of the collection by housing it within a designated and managed area. The Collection is currently stated at its purchase price and insurance valuation at the year end date. The Trustees review this annually and do not consider there has been any impairment to the collection at the balance sheet date.

Other Assets
The College has placed a £135,000 bond payment as security against the 20 year lease of its workshop in North Cardiff.

12 Trade and Other Receivables

		2025	2024
		£'000	£'000
Amounts falling due within one year:			
Trade receivables		178	150
Other receivables		2	2
Prepayments and accrued income		596	399
Amounts due from parent undertaking	23	3	78
		779	629

The amounts due from parent undertaking are interest free and repayable on demand.

13 Investments

	2025	2024
	£'000	£'000
Short term investment in shares	4,111	3,584
Short term bonds	4,743	4,525
	8,854	8,109

14 Creditors : amounts falling due within one year

		2025	2024
		£'000	£'000
Secured loans		211	201
Amounts owed to parent undertaking	23	40	220
Other creditors		229	214
Trade payables		769	637
Social security and other taxation payable		177	154
Accruals and deferred income		2,460	2,757
		3,886	4,183

The amounts owed to parent undertaking are interest free and repayable on demand.

Deferred Income

Accruals and deferred income include other income which has been deferred until specific performance related conditions have been met and deferred capital grants, which are released on a consistent basis over the useful lives of the related assets.

	2025	2024
	£'000	£'000
Other income	754	491
Deferred capital grants (see notes 4 and 5)	235	293
	989	784

15 Creditors : amounts falling due after more than one year

	2025	2024
	£'000	£'000
Deferred capital grant	6,526	6,738
Secured and unsecured loans	5,393	5,177
	11,919	11,915

Analysis of secured and unsecured loans:

	2025	2024
	£'000	£'000
Due within one year or on demand (as per Note 14)	211	201
Due between one and two years	241	211
Due between two and five years	795	700
Due in five years or more	4,357	4,266
Due after more than one year	5,393	5,177
Total secured and unsecured loans	5,604	5,378
Secured loan repayable by 2041*	5,177	5,378
Unsecured loans repayable by 2048	427	0
	5,604	5,378

Included within the total balance above are the following:-

	Interest	Repayment	Term	2025 £'000	2024 £'000
Barclays Bank	6.33%	Quarterly	33 years	5,177	5,378
Digarbon	2.05%	Annually	22 years	368	0
Wales Funding Programme	2.05%	Annually	10 years	59	0

* The interest rate on the secured loan is fixed at 6.33% until August 2024 and then reverts to 5.34% for the remaining term of the loan.

* The terms of the secured loan agreement provides that the Bank may require the College to grant a charge on the land and buildings owned by the College if certain covenants are breached.

There is currently no charge registered in this regard and based on the College's projections the Trustees consider it unlikely that the circumstances will arise within 12 months from the date of approval of these financial statements, which would require such a charge to be granted.

16 Provisions for Liabilities

		Pension scheme provision under FRS102	Defined Benefit Enhanced Provision	Other Provisions	Total
		£'000	£'000	£'000	£'000
At 1 August 2024		-	136	35	171
Reduction in year	(see note 24)	-	(15)	-	(15)
At 31 July 2025		-	121	35	156

Other provisions includes an estimate for the future dilapidation remedial works on a College rented property. The estimated cost is reviewed on an annual basis.

17 Endowment Reserves

Net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2025	Year to 31 July 2024
	£'000	£'000	**Total £'000**	Total £'000
Opening Balances				
Capital	2,206	2,197	**4,403**	4,110
Accumulated income	142	236	**378**	316
	2,348	2,433	**4,781**	4,426
Endowment income	384	-	**384**	33
Investment income	55	55	**110**	118
Expenditure	(59)	(58)	**(117)**	(55)
Increase / (decrease) in market value of investments	91	94	**185**	259
Total endowment comprehensive income for the year	471	91	**562**	355
Closing Balances	2,819	2,524	**5,343**	4,781
Represented by:				
Capital	2,680	2,291	**4,971**	4,403
Accumulated income	139	233	**372**	378
	2,819	2,524	**5,343**	4,781
Analysis by type of purpose:				
Scholarships and prize funds	2,819	2,524	**5,343**	4,781
	2,819	2,524	**5,343**	4,781
Analysis by asset				
Current asset investments			5,036	4,467
Cash and cash equivalents			307	314
			5,343	4,781

18 Restricted Reserves

	Year to 31 July 2025 Total £'000	Year to 31 July 2024 Total £'000
Opening Balances	5,466	2,401
New donations	970	3,724
Expenditure	(824)	(659)
Total net restricted comprehensive income for the year	**146**	3,065
Closing balances*	5,612	5,466
Analysis of other restricted funds /donations in the year by type of purpose:		
Scholarships and prize funds	**742**	615
Specific projects	**100**	53
Old Library capital development	**0**	3,000
Other	**128**	56
	970	3,724

*As at 31 July 2025 donations totalling £3.5m are included in restricted reserves being funds specifically ringfenced for the Old Library capital redevelopment works by instruction of the donors.

19 Cash and Cash Equivalents

	At 1 August 2024 £'000	Net Cash Flows £'000	At 31 July 2025 £'000
Cash and cash equivalents	1,832	1,014	2,846
	1,832	1,014	2,846

20 Capital and Other Commitments

	2025 £'000	2024 £'000
Provision has not been made for the following capital commitments at 31 July 2025:		
Commitments contracted for	4,415	0

The above relates to contractual obligations for the redevelopment works on the Old Library capital project.

21 Lease Obligations

Total rentals payable under operating leases:

	2025	2024
	£'000	£'000
Payable during the year	**289**	258
Future minimum lease payments due:		
Not later than 1 year	**293**	**289**
Later than 1 year and not later than 5 years	**1,157**	**1,184**
Later than 5 years	**2,605**	**2,865**
Total lease payments due	**4,055**	**4,338**

22 Related Parties

As the College is a wholly owned subsidiary of the University of South Wales, the College has taken advantage of the exemption contained in FRS102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the Group qualifying as related parties).

A close family member of the Chair of Trustees is employed by the College and was remunerated, at an arm's length basis, £1,246 (2024: £2,209) for their teaching services. There are no other related party transactions to be reported.

23 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is the University of South Wales, a Higher Education Corporation established under the Education Reform Act 1988. The results of the College have been incorporated in the University of South Wales' consolidated financial statements, which forms the largest and smallest group for which the College's financial statements are consolidated. Copies of the USW consolidated financial statements can be obtained from the following address:

University of South Wales,
Pontypridd,
Wales,
CF37 1DL

24 Pension Schemes

The College participates in two pension schemes, the Rhondda Cynon Taff Pension Funds (RCTPF), a local government pension scheme for non academic staff and the Teachers' Pension Scheme (TPS) for academic staff.

Teachers' Pension Scheme

TPS is a statutory contributory final salary scheme administered by the Teacher's Pensions Agency on behalf of the Department for Education and Skills. Under the TPS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary's Department (GAD), using normal actuarial principles conducts an actuarial review of the TPA.

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

Latest actuarial valuation 31 March 2020 *(Valuation for 31 March 2025 not yet published)*

Valuation of the assets at date of last valuation £222.2 million (estimated future contributions together with notional investments held at 31 March 2020).

The contribution rate increased from 23.68% to 28.68% on 1 April 2024.

Under the definitions set out in Financial Reporting Standard 102 (FRS102) the TPS is a multi-employer pension scheme and the College is unable to identify its share of the underlying assets of the scheme.

Accordingly the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out the above information available on the deficit in the scheme and the implications in terms of the anticipated contributions rates.

Rhondda Cynon Taff Pension Scheme

The scheme is a defined benefit occupational pension scheme. Pre April 2014 benefits are linked to final pensionable salary and service at date of retirement (or date of leaving the scheme if earlier). Post March 2014 benefits accrue on a Career Average Revalued Earnings (CARE) basis.

The scheme is valued every three years, the latest having been undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2022. *(Valuation for 31 March 2025 not yet published)*

Assumptions

The financial assumptions used to calculate the RCTPF scheme liabilities under FRS102 are:

	2025	2024
	% pa	% pa
Price Inflation (CPI)	2.65	2.70
Rate of increase in pensionable salaries	3.65	3.70
Discount rate/interest income on assets	5.70	5.00

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 20.5 years.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	2025		**2024**	
	Males	Females	Males	Females
Pensioner aged 65	20.6	23.2	21.5	24.1
Active member aged 45	21.5	24.3	22.8	25.6

Notes to the financial statements
for the year ended 31 July 2025

24 Pension Schemes (continued)

The assets in the RCTPF scheme are valued at fair value and comprise:

	2025	2024
	£'000	£'000
Equities	13,281	12,502
Government bonds	2,265	2,179
Corporate bonds	3,110	2,882
Property	1,258	1,183
Other	599	373
Cash	80	29
Total	20,593	19,148

Analysis of the amount shown in the balance sheet for RCTPF pensions:	2025	2024
	£'000	£'000
Fair value of fund assets	20,593	19,147
Present value of defined benefit obligation	(14,814)	(16,325)
Pension asset before adjustments	5,779	2,822
Effect of asset ceiling (FRS 102 para 28.22)	(5,779)	(2,822)
Net pension asset/(liability) recognised on Balance Sheet	-	-

The Trustees have considered the recoverability of the surplus and do not believe there is any foreseeable likelihood of any economic benefit to the College. Therefore, the IAS approach has been taken not to recognise this surplus in the financial position of the College and to cap the surplus to £Nil as considered acceptable under FRS 102.

	2025	2024
	£'000	£'000
Current service cost	316	365
Past service and administration charges	11	12
Total operating charge	327	377

Analysis of the amount charged to interest payable/credited to other finance income for RCTPF pensions:

	2025	2024
	£'000	£'000
Interest cost	816	821
Expected return on assets	(821)	(826)
Net charge to other finance income	(5)	(5)
Payments to the Fund	(380)	(413)
Net charge to Income and Expenditure Statement	(58)	(41)

Analysis of other comprehensive income for RCTPF pensions:	2025	2024
	£'000	£'000
Gain on assets	423	855
Experience gain on liabilities	2,476	701
Experience gain on liabilities (Enhanced Provision on Termination)	4	6
	2,903	1,562

Notes to the financial statements
for the year ended 31 July 2025

24 Pension Schemes (continued)

History of experience gains and losses – RCTPF pensions

	2025	2024	2023	2022	2021
Difference between actual and expected return on scheme assets (£m)	423	855	(200)	(2,253)	3,314
Experience losses/(gains) on scheme liabilities (£m)	2,476	701	4,339	10,438	(3,241)

Cumulative actuarial loss recognised as other comprehensive income for RCTPF	**2025**	2024
	£'000	£'000
Cumulative actuarial (gains) / losses recognised at the start of the year	**(11,009)**	(9,454)
Cumulative actuarial (gains) / losses recognised at the end of the year	**(13,908)**	(11,009)

Analysis of movement in (deficit) / surplus for RCTPF pension	**2025**	2024
	£'000	£'000
Deficit at beginning of year	**-**	-
Contributions or benefits paid by the College	**380**	413
Current service cost	**(316)**	(365)
Other finance charge	**(6)**	(2)
Actuarial gain recognised in other comprehensive income	**2,899**	1,556
Surplus at end of year	**2,957**	1,602
Effect of asset ceiling (FRS102 para 28.22)	**(2,957)**	(1,602)
Net pension asset recognised on Balance Sheet	**-**	-

Analysis of movement in the present value of LGPS liabilities	**2025**	2024
	£'000	£'000
Present value of RCTPF liabilities at the start of the year	**16,325**	16,146
Current service cost (net of member contributions)	**316**	365
Interest cost	**816**	815
Actual member contributions (including notional contributions)	**178**	206
Actuarial (gain) / loss	**(2,476)**	(701)
Net benefits paid	**(346)**	(506)
Past service costs	**-**	-
Present value of RCTPF liabilities at the end of the year	**14,814**	16,325

Analysis of movement in the fair value of scheme assets	**2025**	2024
	£'000	£'000
Fair value of assets at the start of the year	**19,148**	17,366
Expected return on assets	**821**	826
Actuarial (loss) / gain on assets	**423**	855
Actual contributions paid by College	**380**	413
Actual member contributions (including notional contributions)	**178**	206
Net benefits paid	**(346)**	(506)
Administration expenses	**(11)**	(12)
	20,593	19,148

RCTPF assets do not include any of the College's own financial instruments, or any property occupied by the College.

Actual return on Scheme assets	**2025**	2024
	£'000	£'000
Expected return on Scheme assets	**821**	826
Asset gain /(loss)	**423**	855
	1,244	1,681

ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

England & Wales - Charity number 1139282

Accounts

Royal Welsh College of Music and Drama Limited

Financial Statements and Annual Review
Year ended 31 July 2024

Registered Company number	06013744
Registered Charity number	1139282

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1. Reference and administrative details

Charity name Royal Welsh College of Music and Drama
Charity number 1139282
Company number 06013744

Chairman
Mr M Plaut

Secretary
Mr W Callaway

Principal address and registered office
Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors
External: HaysMac LLP
10 Queen Street Place
London
EC4R 1AG

Internal: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

2. Chair's report for the year ending 31 July 2024

The College's community have delivered an impressive body of work this year, despite the challenging climate for Higher Education, and has continued to deliver on our vision to change lives, transform and connect communities through the arts. This report tells the story of the College in 2023/24 through the following main sections:

- 2.1 Highlights of the Year
- 2.2 Student Experience
- 2.3 Key Facts about the College
- 2.4 Looking forward

2.1 Highlights of the Year

This year we began celebrating the College's 75th birthday. Our ambition was to create and deliver a schedule of work that showcased the College's unique focus on craft and creative training that has empowered our graduates to make a real difference on a global stage as collaborative, innovative artists, and active, responsible contributors to society. Despite the challenges faced this year, outlined in the introduction to this report, I'm pleased to be able to report that we've been able to deliver on this ambition. Below we've set out just a few of this year's highlights.

National Open Youth Orchestra ("NOYO") – in September 2023 we joined forces with NOYO and BBC National Orchestra of Wales to open the Cardiff NOYO Centre, which now offers the first progression route for talented young disabled musicians in Wales. Five students joined us this year and their Cardiff rehearsals fed into the UK network of NOYO Ensembles (Barbican, Bournemouth, Birmingham, and Bristol) with opportunities for Cardiff members to participate in collective NOYO projects between terms. Two performances in the College summer 2024 showcased the work of our NOYO ensemble.

Linbury Prize for Stage Design – the College's extraordinary track of success continued this year with five of the recipients coming from the College. Over half of the finalists over the last five years have studied at RWCMD.

A Christmas Carol - we welcomed the festive season in December 2023 with a unique presentation of 'A Christmas Carol'. With integrated British Sign Language (BSL) this sold-out production brought a very happy Christmas to all. As well as bringing in a new audience, making this inclusive work expanded ideas and horizons, as well as the skill set of the actors that train with us.

Old Library engagement – in February we held a Public Open Day to celebrate and share our plans for the Old Library. More than 200 people joined us to see the potential of the spaces inside and to voice their thoughts and aspirations for the building. Visitors were able to watch: schools' workshops taking place, scenic construction sessions to explore our design for performance courses and movement workshops. Visitors also enjoyed an open dress rehearsal of the Welsh/ Chinese Dragon project, an Arts Council Wales funded partnership between the Chinese in Wales Association and RWCMD, which has featured at multiple Lunar New Year events. Our Director of Music, Tim Rhys Evans, led a celebratory open choir. This saw local workers, members of the Windrush Elders, families, people experiencing homelessness and many more come together for a heartwarming moment of collective singing that we look forward to repeating many times in the future.

Sweet Charity – in May our students were joined by Dame Shirley Bassey at the sold-out premiere of Sweet Charity at the Sherman Theatre. This was a very proud moment for the College – the first "showcase" production from our undergraduate Musical Theatre course launched in September 2021.

75th Birthday Gala – this event in May, at Shakespeare's Globe in London, honoured Sir Jonathan Pryce CBE's RWCMD Fellowship and provided the platform for raising over £200,000. This new funding means that we have been able to offer an enhanced Bursary Scheme for our students from 2024/25.

Also, in May, we learned that HM King Charles III would continue as the College's Patron, extending his long close and supportive relationship with us as the former Prince of Wales. In keeping with all his charity relationships when he ascended the throne, His Majesty stepped away from the Presidency of the College and we will be appointing a new President in due course.

Urdd partnership – in June we announced an important new partnership with Urdd Gobaith Cymru, creating new opportunities for some of Wales's most promising artistic talents. Six young performers, including some of our current students were chosen to be Young Cultural International Ambassadors at the annual Welsh language festival, the Eisteddfod yr Urdd.

2.2 Student Experience

Across the academic portfolio 91% of our students took part in the 2024 National Student Survey ("NSS"), compared with 94% in 2023. This compares very favourably across HE in Wales where the participation level averages at 72% (74% in 2023).

In terms of the headline measure of our students' views about the College we're pleased to report that we've consolidated the gains made last year, indeed improving from 80% to 81% on "overall satisfaction". The table below provides some additional course by course analysis:

Course of study	2024 %	2023 %	2022 %	2021 %
Overall satisfaction (all courses)	81	80	71	70
BA Acting	100	100	90	86
BA Stage Management	100	91	73	53
BA Design	96	85	100	100
BMUS	68	69	61	64
BA Musical Theatre	100	n/a	n/a	n/a

Our BA Musical Theatre students were surveyed for the first time this year, and we're delighted to report 100% overall satisfaction from our first set of graduates on this course which was introduced to our portfolio in 2022. Our BA Acting course also achieved 100% along with BA Stage Management, which has now increased overall satisfaction from 53% in 2021 to 100% in 2024. The BMUS course, which continues to be our largest undergraduate programme, consolidated the improvement from 2022.

As we continue to build strategic aims and systemic and organisational change at the College, we celebrate the overall direction of travel of an upwards trajectory over the last four years. At the same time, we continue to recognise that some of our ambition will take longer than one or two academic sessions to embed fully, and this work is on-going.

2.3 Key Facts about the College

Student Body

In 2023/24 the College had 853 students (2022/23: 869). Additional information is set out below:

2023/24	2022/23
72% undergraduate and 28% postgraduate	70% undergraduate and 30% postgraduate
81% from UK with 22% from Wales	83% from UK with 22% from Wales
11% Welsh speakers	11% Welsh speakers
18% from 38 different overseas countries	15% from 38 different overseas countries
27% declaring a disability	26% declaring a disability
20% declaring they are from the global majority	18% from global majority
94% retention rate	97% retention rate
90% of graduates received a first-class or upper second-class degree	91% of graduates received a first-class or upper second-class degree

Resources

Our students continue to benefit from the performance programme at our busy arts centre and as part of other live industry environments, can engage audiences in their work at every opportunity. Importantly this means they learn up close from some of the world's most renowned performers, push boundaries, collaborate with colleagues and partners and create new work across a full range of professional and community settings.

Across our three exceptional sites in Cardiff our students have access to world class facilities. Our main site includes the Dora Stoutzker Hall, Richard Burton Theatre and Linbury Gallery as well as smaller rehearsal studios including those named for Dame Shirley Bassey and the late Lord Rowe-Beddoe. Our Llanishen workshop is a fully equipped facility for teaching scenic arts and construction techniques. It is the envy of many of our competitor conservatoires and enables our students to work on the same equipment as specialists in the industry. We continued to develop the work at our city centre Old Library site during 2023/24 rolling out more of our teaching and using the unique spaces to create more informal approaches to performance and inclusive forms of public participation.

Making best use of these resources across the College community, we ensure knowledge, experience and opportunities to perform are provided to our students in order to provide a high-quality workforce to the creative industries in Wales, the UK and internationally. The deployment of the College's resources enhances the employability and professionalism of our students so that our alumni successfully carry our name and reputation across the industry.

2.4 Looking forward

Like almost all UK HE providers in the UK, RWCMD is facing significant financial challenges. Three years of high inflation have impacted the core costs of running universities and colleges in the UK. Undergraduate student fees in Wales have been capped for nearly 10 years and public funding for HE

in Wales has reduced by 6% for 2024/25. A Universities UK report, published in September 2024, commented that funding of universities across the UK is structurally unsustainable and confirmed that universities are already making very significant cuts to balance their budgets. Many universities have announced redundancies and over 40% were expected to be in deficit in 2023/24. Like our peers, therefore, we must drive our own financial sustainability to carefully steer the College through the next few years.

The RWCMD Board and Senior Management Team have been focussed on this challenge throughout this year. The task we have set ourselves is to develop robust sustainable future plans that ensure that RWCMD can continue as the National Conservatoire of Wales – to remain fully committed to the development of world-class artists and makers in Wales, to play our part to build pathways into professional training and to reach young people from diverse backgrounds throughout Wales, and to make a significant contribution to wider cultural life in Wales and beyond. To remain a conservatoire of choice, which delivers for our students, colleagues, and communities, we must continue to be distinctive and competitive. It will not be enough to simply reduce costs, we will also have to adapt our ways of learning, teaching and working in innovative, future-focused ways, and continue to invest in our physical and digital infrastructure. Important early progress has already been made. We are developing a model and a narrative for a "conservatoire of the future" which also creates a framework for reducing costs.

We are therefore moving forward cautiously looking to protect our reserves in the short to medium term and some early cost reduction plans, from all areas of the College's activities, are already included in our budgets for 2024/25. An important component of those cost reductions was the decision taken, in July 2024, to close our regular weekend music and drama provision for young people under 18. We heard powerful individual stories from some of our Young RWCMD participants and public concerns were expressed, which demonstrated how much people in Wales care about the role of music and drama in the lives of our young people. However, our decision was driven by the financial imperative we face. It's important to note the Welsh policy context and the reality of limited resource across the arts and education, RWCMD is not funded or tasked to provide a weekly service to school-age children, and there is a stark contrast with conservatoires in England that receive annual funding from the Music and Dance scheme for their specialist under-18 provision.

We are determined, nevertheless, to create a positive future with opportunities for young people that they value. RWCMD is now scoping a new partnership approach to support outstanding talent from right across Wales, developing sustainable models in music and drama that will best serve young people from all backgrounds. And we are hopeful that the position with public finances will start to improve in the next few years and new investment will become possible.

Looking ahead, while there is much more to do, we approach the future with confidence and optimism. Our dedicated project team, led by the Principal, will develop and deliver our plans to reshape RWCMD as a world-leading, future-focused and sustainable conservatoire (socially, economically, environmentally) to ensure that we deliver the cost savings we have identified as being essential.

2.5 Conclusion

At a time when many in the arts and in higher education – including us - are facing a very significant economic threat, our focus is firmly facing forward as we develop plans to strengthen our offer and our influence as a precious training institution and the National Conservatoire of Wales, where the future of music, theatre and the creative industries is being shaped towards defining and implementing a future sustainable model.

We are grateful to the many individuals, businesses and charitable trusts that have generously supported the College during the year. Everything we achieve is as a result of the work of the dedicated staff of the College, to whom I would like to pay a particular tribute. I would also like to thank all my fellow Trustees for their active and committed service and to acknowledge, with great sorrow, the loss of our former Chair, President and Chair Laureate, Lord (David) Rowe-Beddoe who passed away in November 2023. David served the College with wisdom, energy and love over many decades and will always be remembered and missed.



Michael Plaut OBE
Chair of Board of Governors
25 November 2024

3. Corporate structure, trustees and directors

The Royal Welsh College of Music and Drama Limited is a limited company and a registered charity. It is governed by its Articles of Association. It is a subsidiary company of the University of South Wales ("USW") which is its sole member.

The Company's registered address is Castle Grounds, Cathays Park, Cardiff, CF10 3ER. The Charity's contact address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282.

The members of the Board, listed below, are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

The existing directors and those who held office during the year and up to the date of signing the annual report and financial statements, are given below:

Sarah Alexander OBE – appointed 1 August 2023
April Audiger
Antigone Alys Blackwell (RWCMD Student President) – appointed 6 September 2024
Dr Ben Calvert (USW Vice Chancellor, University of South Wales - ex officio)
Mario Ferelli
Professor Helena Gaunt (RWCMD Principal - ex officio)
Ian Lewis
Tianyi Lu
Aled Miles
Roger Munnings CBE
Michael Plaut OBE (Chair) – appointed 1 August 2023
Professor David Ruebain
Helen Sanderson (nominee of RWCMD Staff) – appointed 1 August 2023
Nitin Sawhney CBE – resigned 29 October 2024
Manon Bonner Antoniazzi – resigned 10 June 2024
Natalie Roe (RWCMD Student President) – resigned 31 July 2024

4. Trustees Report

This report includes the Strategic Report and the Directors' Report required under the Companies Act 2006. The Trustees confirm that the financial statements for the year ended 31 July 2024 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

4.1. **Strategic report**

Financial Review

Principal activities
The College's principal activity continues to be the delivery of conservatoire education and professional training. In addition, the College activities include the provision of public performances and exhibitions and the maintenance and improvement of performance facilities for the benefit of the local community.

Summary of main achievements
A summary of the main achievements of the College in 2023/24 is set out in section 6.

Financial strategy
The Chair's report, in section 2, describes some of the financial challenges facing the UK Higher Education sector and explains how these might impact the College's finances.

Three years of high inflation, fixed UK undergraduate fees since 2014 and a 6% reduction in the Expensive Subject Premium funding from Medr in 2024/25 means that the College, like most of the Higher Education sector in the UK, is now expecting to be managing the challenge of overall deficits over the foreseeable future unless swift action is taken to restore funding levels. The Trustees have been working with the Senior Management Team to review and update the College's long-term financial strategy during 2023/24. The overriding priority is to develop and adopt robust sustainable plans that ensure that RWCMD can remain a conservatoire which will deliver high quality life and career preparation for our students and value for colleagues and communities.

The immediate focus has been to look at ways to reduce the projected deficits to protect reserves in the short to medium term and, to this end, some early cost reduction plans have already been implemented and are included in the budgets for 2024/25. Further reductions are likely to be needed in later years and work continues in those areas in 2024/25. There is continuing emphasis on careful cash management to support the strategic priorities while retaining and enhancing the College's infrastructure. It will not be enough to simply reduce costs, the College will also adapt ways of learning and working and continue to invest in physical and digital infrastructure.

The Trustees are clear that, as these plans are developed with the Senior Management Team, the emerging future RWCMD – *a conservatoire for the future* – must continue to be distinctive and competitive. It will not be enough to simply reduce costs, the College intends to also adapt ways of learning and working and continue to invest in physical and digital infrastructure.

Key Performance Indicators

The College uses the following key financial performance indicators ("KPI's") to monitor overall performance against its financial strategy. Performance over the last two years shows:

KPI's	2023/24	2022/23
Surplus before gains and losses - £000	2,109	608
Cash (including short term bonds) - £000	6,357	4,955
Net Assets - £000	19,746	17,419
Current ratio	2.6	2.2

The College continued to operate in line with budget in 2023/24 and is reporting another year with an overall surplus in the Comprehensive Income and Expenditure account, a resilient net asset position and a reasonable cash reserve.

Adjusted KPI's

The surplus before gains and losses reported in the Comprehensive Income and Expenditure account includes revenues which are

(i) Reserved for future capital works to develop the Old Library (2023/24: £3.0m and 2022/23: £0.5m)

(ii) Invested for the long term in the College Endowment fund (2023/24: £Nil and 2022/23: £1.675m).

Without these two items the adjusted position would have been a deficit in both years.

Adjusted KPI's	2023/24	2022/23
(Deficit) before gains and losses - £000	(891)	(1,567)

Importantly RWCMD has a relatively strong balance sheet with adequate cash reserves allowing absorption of the adjusted deficits in the last two years.

Financial prospects

As noted above the Trustees and Senior Management Team are developing a sustainable future financial plan that seeks to protect reserves by reversing currently projected future deficits.

Financial Performance 2023/24 – Headlines from the Financial Statements

	2023/24 £000	2022/23 £000	*Change £000*
Total income	**22,176**	20,886	*+1,290*
Total expenditure	**20,067**	20,277	*-210*
Surplus before gains and losses	**2,109**	608	*+1,501*
Cash from operating activities	**3,589**	505	*+3,084*
Net assets	**19,746**	17,419	*+2,327*

Income

2023/24 saw continued increase in tuition fee income of £1,290k reflecting both additional headcount and inflationary increases in non-regulated fees, with a notable 26% increase in overseas income for the year. Funding from donations and endowments (which includes £3m donations towards future capital expenditure to develop the Old Library, which provides much needed additional space for students in Cardiff city centre) increased by 10% and other income increased by 19%, with investment income more than doubling this year.

Expenditure
Expenditure has fallen slightly by £210k (prior year was an increase of 12%). In year inflationary increases (including salaries) were absorbed together with delivering on in-year cost savings measures.

Cash generated from operating activities
Net cash from operating activities was £3,589k* in 2023/24 compared to £505k last year.

Other significant cash movements in the year included payments to acquire fixed assets of £1,239k** (2022/23: £1,285k) and the scheduled loan repayments to Barclays Bank plc (including interest) of £538k.

* This includes £3,000k of donations received towards future capital expenditure at the Old Library
** This includes capital expenditure of £816k on the Old Library

Net assets
The increase in net assets of £2,327k reflects the increase in total comprehensive income in the year.

4.2. Engaging with our stakeholders (section 172 (1) statement)

The Trustees (who are also Directors of The Royal Welsh College of Music and Drama Limited for the purposes of company law) have a duty to promote the success of the College having regards to the interests of our stakeholders, our students, our audiences, our employees, Higher Education Funding Council for Wales (now Medr), our relationships with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of quality, care and business conduct.

All key Board decisions consider the impact on relevant stakeholders with a particular focus on providing high-quality service performance, community engagement, innovation, best practice in governance, workplace practices and responsible corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues and where these views may not align, the Board will take the best course of action to promote the company's long-term success**.**

Our students
Our students are at the heart of our purpose and operations. We aim to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential.

Employees, employee Involvement and Disabled Employees
The College's Strategic Equality Plan 2020-2025 includes a core objective to attract, retain and develop a diverse range of people to work for the College and to enable them to have access to open and transparent career development and progression. Applications for employment by disabled persons are always fully considered, taking into account the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the College continues, and the appropriate training is arranged. It is the policy of the College that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives is regularly undertaken, with the aim of ensuring that their views are considered when decisions are made that are likely to affect their interests.

Communication with all employees is undertaken through regular staff meetings and e-mails and occasional staff surveys.

Staff members also have a Director as a representative on the Board of Directors.

Regulators
The College provided Higher Education services during the year. The College is a wholly owned subsidiary of the University of South Wales ("USW") who are regulated by Medr, previously the Higher Education Funding Council for Wales ("HEFCW"). Medr is the principal funding body from which the majority of the College grant income is received. USW and hence the College work closely with Medr as part of the USW group funding arrangements. Regular qualitative and financial reports are submitted, and the College's success is dependent on this open and reciprocal relationship.

The College as a company and charity, also reports via Companies House and the Charity Commission.

Suppliers
Our strong relationship with suppliers ensures continuity of our operations and our ability to service our stakeholders to the highest possible standards. Suppliers include suppliers of product and services across our education, public performance and venue and other commercial services. We pay our suppliers fairly within agreed timescales and always aim to conduct ourselves professionally and to high standards. We work closely with our suppliers to ensure that they have effective controls in place to protect our students' (and other stakeholders if applicable) health and safety and the security and privacy of their data.

Communities and environment
We continue to invest in this area which is led by our Communities Engagement Partner. We've outlined some of the highlights of the past year in section 6 of this report.

We recognise the global climate emergency and have joined the many organisations around the world calling for urgent action to tackle climate change. Specifically, we have pledged to get to carbon net zero by 2040 and work with Race to Zero to support our commitment to a healthy and resilient zero carbon recovery.

4.3. **Energy and Carbon Reporting**

UK Greenhouse gas emissions and energy use data for the year to 31 July 2024:

	2023/24	2022/23
Energy consumption used to calculate emissions (kWh)	2,860,358	2,520,255
Scope 1: emissions in metric tonnes CO2e		
Gas consumption	300	253
Own transport	32	12
Scope 2: emissions in metric tonnes CO2e		
Purchased electricity	252	219
Scope 3: emissions in metric tonnes CO2e		
Own transport	51	14
Business travel in employee-owned vehicles	5	5
Total gross emissions - Metric tonnes CO2e	640	503
Intensity ratio – tonnes CO2e per student	0.75	0.58

Qualification and reporting methodology
We have followed the 2019 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's conversion factors for Company Reporting.

Intensity measurement
The chosen intensity measurement is a calculation of a ratio of total gross emissions in metric tonnes Co2e per student, the recommended KPI for the sector.

Measures taken to improve energy efficiency

All the College's electricity is sourced from green renewable sources and more than 85% of the conventional lighting installations have now use LED. Since 2021 the College has been replacing our fleet of diesel fuel vehicles with hybrid versions, along with reducing the size of our fleet overall. The 198Kw solar panel array installed on our North Road campus roof, in 2022, generated 193,785kWh in 2023/24. This array is capable of generating up to 40% of the average daily base load of electricity across the campus.

Working with the Welsh Government Energy Service we continue to identify and undertake remedial works, where possible and affordable, to improve insulation and reduce heat loss through the fabric of the building. The College is aiming to improve capturing and reporting of carbon production from its activities.

4.4. **Principal risks and uncertainties**

The College has identified a number of high-level strategic risks that it monitors on a regular basis. These include:

Financial health of the sector
As referenced in the Chair's Report, the HE sector is facing significant financial challenges with recent years of high levels of inflation impacting on core running costs, carrying the historic cap on undergraduate student fees in Wales together with the recent announcements of public funding cuts for HE in Wales from 2024/25 onwards. These factors are compounded at a time of diminished government finances and the prospect of any government intervention or support is considered unlikely in the short to medium term.

To manage these challenges and mitigate the impact of these risks, the Board and Senior Management Team have taken pro-active steps to protect reserves in the short to medium term with cost savings already delivered during 2023/24. A dedicated project team is now in place and developing longer term plans to drive financial sustainability that simultaneously create a framework to cut costs, but also creates a platform to adapt to competitive and future focused ways of working by investing in infrastructure (physical and digital) and adapting the ways in which we learn, teach and work.

Recruitment and retention of students
The College's strategic plan targets annual growth in its current level of undergraduate and postgraduate student numbers and overseas students while ensuring the quality of students remains high. The College has flexible detailed actions together with a system of enhanced partnerships and an investment strategy to support these plans. Strong controls are in place which include direct oversight by the Executive and close working and alignments of academic and recruitment teams. The Board provides appropriate support and challenge for this work.

Fundraising
Fundraising support from trusts and foundations, public funders, businesses, and individuals continues to be essential to offering our students distinctive training and public performance opportunities. This support also ensures that, through scholarships and bursaries, young artists can more easily afford the cost of accessing a world class education to develop their creative talent and are not excluded from the opportunities the College offers them. In a highly competitive and challenging funding environment, the work of the Development Department is becoming ever more crucial to the College and, while the generosity of our supporters has resulted in another positive year, it is clear that there remains risk attached to the future targets that have been set.

Income generation
As reported last year, our income from commercial activities now fully recovered from the COVID-19 pandemic continues to grow steadily – underpinned by our loyal customer base and new audiences that contribute to strong box-office ticket sales, a packed facility hire and events programme and a very busy catering and bar operation. Our commercial income streams are projected to continue to grow in future years.

4.5. **Directors Report**

Directors
The Directors who served during the year are set out in Section 3 of these financial statements.

4.6. **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2024 (2023 – £nil).

4.7. **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes to the accounts.

The Directors have reviewed the College's cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements (the going concern assessment period). After reviewing these forecasts, including compliance with current banking covenants and considering whether there are any material uncertainties, the Board are of the opinion that, taking account plausible downsides which reflect the risks and uncertainties described in this Trustees report and specifically in section 4.4, the College will have sufficient funds, to meet its liabilities as they fall due over the period reviewed. Accordingly, the financial statements have been prepared on a going concern basis.

4.8. Statement of Corporate Governance and Internal Control

Commitment to Best Practice in Governance

The College strives for governance to be undertaken in an open and accountable manner and aims to comply with best practice within the higher education sector. This summary describes how the relevant principles of corporate governance are applied to the College.

The Board of Directors of the Royal Welsh College of Music & Drama Ltd is responsible to the Board of Governors of the University of South Wales which is the sole 'member' of the College. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College except insofar as the College has its own arrangements.

The Board of Directors carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The directors discharge this responsibility through the following elements:

- Effective review by the College Board and relevant committees (including internal and external audit function)
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems
- The identification and management of risk embedded in all business operations and systems
- Adherence to the Committee of University Chairs Code of Governance

The College's approach for the effective management of risk is set out below:

- A focus on the active management of risk as an integral part of the management process within every part of the organisation.
- Clearly identifying risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the College's reputation, its financial position or its day-to-day operations or any combination thereof.
- Actively encouraging all managers to consider risk implications of each major decision, contract or project as a normal part of their day-to-day work.
- Integrating risk management into the annual planning process which is how the Executive determine and co-ordinate the College's activities.
- The Principal and the Senior Management Team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the College's risk register.
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Principal and the Senior Management Team work with the College managers and their teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks.
- The risk register identifies significant risks and contains details of:
  - the nature of the risk
  - its potential impact
  - the likelihood of the risk crystallising
  - the 'owner' of the risk
  - the control processes which manage the risk
- USW through its Audit Committee agree an annual programme of audit work to be carried out across the group by its internal auditors. The approach to internal control is risk based: this

includes business, operational and compliance risks as well as financial risk. The College Board receives copies of the minutes of all USW Audit Committee meetings

- The University of South Wales' Audit Committee regularly reviews the adequacy of the process of risk management at the College as it continues to be developed

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2024 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

Board of Directors and its sub committees

The Board of Directors met four times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the College are formally received by the University of South Wales' Audit Committee which normally meet four times per year and acts as the College Board's Audit Committee. The annual report of the internal auditors is considered by the University's Audit Committee who approved the internal audit plan for the year. The College's Board of Directors receive all papers in respect of the audit plan for the year and its subsequent reports and findings.

4.9. **Statement of disclosure of information to auditors**

In the case of each Director in office at the date the Directors' Report is approved, the following applies;

(a) so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

4.10. **Directors' indemnities**

The Company (through the USW Group) had and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors'. This was also in force at the date of approval of the annual report and financial statements.

4.11. **Independent Auditors**

The auditors, HaysMac LLP, were appointed in July 2024 and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a future meeting of the Board. On 19 November 2024 the company's auditor changed its name from Haysmacintyre LLP to HaysMac LLP.

By order of the board



W D Callaway
Company Secretary
25 November 2024

5. Statement of Directors' responsibilities in respect of the Trustees' Annual Report and the financial statements

The directors are ultimately responsible for preparing the Trustees' Annual 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 charitable company and of the income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for ensuring the College keeps adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6. Objectives and activities for the public benefit

6.1. Charitable Objectives

The College promotes the advancement of education and learning for the public benefit, specifically the training of performers and others in music, drama, design and theatre, through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications. It also provides, maintains and improves performance facilities for the benefit of the local community.

Through the provision of high-quality training, the College seeks to produce graduates who are articulate and innovative in their art forms, and to provide the music and theatre industries with a highly skilled workforce, able to represent Wales on the world stage. The College aims to make a significant contribution to the cultural and artistic life of Wales and beyond.

6.2. Fulfilment of Charitable Objectives

Beneficiaries:
The College has a higher education student population of 853 students of whom 81% are UK and 18% from countries outside the EU. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. Other beneficiaries extend to younger students (from the age of four upwards) as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The general public attend over 400 ticketed public performances each year in addition to occasional free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:
The College seeks to recruit irrespective of the background the most able and talented students, as well as those who exhibit exceptional potential. The College's Strategic Equality Plan 2020-2025 includes a core objective "to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential". Within its undergraduate programmes demand for places is high and is normally conducted by audition interview or portfolio submission.

6.3. Public Benefit Statement

Bursaries, scholarships and funding support:
The College has been grateful to receive philanthropic donations and funding through the year to support students who experience financial hardship with bursaries, scholarships and wider support.

Our bursary scheme in 2023/24 provided financial support to all incoming UK undergraduates with household income below £30,000 a year and provided 36 first year students with financial assistance of either £800 or £1,200 according to their level of need. Across the whole scheme, in 2023/24, 123 students (22/23: 94 students) received bursaries, equating to around a quarter of the new intake of undergraduate students with 78 students (22/23: 33 students) receiving the highest level of support.

The bursary scheme has subsequently been enhanced in 2024/25, providing additional annual support of up to £1,500 for those UK Undergraduate Students with a household income below £35,000 a year.

This boost to the scheme was made possible with assistance from several individuals, businesses and trusts, donating in response to our 75th Birthday Appeal, which was focused on raising funds for bursaries.

Our scholarship policy provides means-tested support for students with protected characteristics, with particular emphasis on ethnic diversity and disability, students in financial need and Welsh domiciled students. There are also a limited number of scholarships which are offered as a means of attracting the most gifted and talented students and in order to achieve balanced cohorts of students to enable training in recognised core ensembles.

Development and fundraising:

The College employs a professional fundraising team to seek and secure income from individuals, businesses, trusts and foundations and from fundraising events, to contribute to core costs, provide scholarships and bursaries, and support particular programmes, performances and projects. The College is registered with the Fundraising Regulator and notes in this report that no complaints have been received during the year in relation to fundraising. Across all fundraising activity, the College adheres to The Code of Fundraising Practice, including the guidance in relation to vulnerable donors.

£4.3m (2022/23 £3.9m) was realised by fundraising during the period exceeding the year's targets for both the core requirements and for the capital campaign for the Old Library. This success ensured that the College could continue to invest in its programmes and performances and support students with more scholarships and through the Bursary Fund to build better access and greater diversity in our student community.

The Old Library capital campaign, to fund the restoration and transformation of our campus in Cardiff's city centre, has been a notable success this year. The gifts received included £2m, in August 2023, from Sir Howard and Lady Stringer and was followed by the final part (£0.5m) of the Mosawi Foundation's lead gift to the capital campaign and an initial contribution of £0.5m from the Foyle Foundation received in May 2024.

The Development Department made use of the College's 75th Birthday milestone by mounting a continuous appeal throughout the year to build up the Bursary Fund. Securing gifts and pledges for student bursaries was also the focus of the London Gala fundraising event which was held at Shakespeare's Globe, fully underwritten by a generous gift from a loyal donor.

The second annual Shakespeare Prize took place at the Old Vic, London during the Spring Term. This prize is part of a wider initiative supported by the Backstage Trust that includes an annual Shakespeare production, National Theatre Live-style film, and free educational pack available to every school child in Wales. The Drama Department also received a notable donation from director and writer, Sean Mathias towards the College's Scholarship Programme, specifically for students in this area of study.

Scholarships continue to be a focus for the Development Department as this is a key area of support for our students. The College receives vital donations towards scholarships each year which are pivotal in helping over 100 RWCMD undergraduate and postgraduate students achieve their educational ambition and prepare them for their future in their chosen industry.

The College's regular giving programmes – Connect and The Chairs' Circle – continue to provide important unrestricted income for strategic priorities which assist with the development of the student experience at the College as well as financial assistance for the student performance programme.

The College would like to send its sincere thanks to the many individuals, businesses and charitable trusts that have supported scholarships, bursaries, special projects, prizes and other College and student activities during the period.

A full list of supporters can be viewed on the College website:
https://www.rwcmd.ac.uk/support-us/thank-you.

Widening Participation

Young RWCMD

After much consideration the College made the difficult decision in July 2024 to close its regular weekend music and drama provision for young people under 18. We have heard powerful individual stories of some of our Young participants and public concern expressed, which demonstrated how much people in Wales care about the role of music and drama in the lives of our young people. However, our decision was driven by the financial imperative we face. In the Welsh policy context and the reality of limited resource across the arts and education, RWCMD is not funded or tasked to provide a weekly service to school-age children, and there is a stark contrast with conservatoires in England that receive annual funding from the Music and Dance scheme for their specialist under-18 provision. But we do recognise the importance of nurturing young talent, and particularly the importance of ensuring that young people with the greatest ability and potential, whatever their geographic and socio-economic backgrounds, are empowered to develop as part of the talent pipeline to the creative industries. That pipeline is vital in Wales both in terms of honouring and continuing to develop Wales' distinctive and well-known cultural strengths, and in feeding the future of the creative industries with its huge economic, social, cultural and political benefits for Wales.

Our other work with young people continued and has reached almost 2,000 throughout Wales, since October 2022. This includes weekend immersive music workshops seeking to inspire participation from beginners through to emerging professionals (supported by the Mosawi Foundation); the National Open Youth Orchestra Ensemble Residency (in partnership with BBC NOW and Open up Music); and holiday courses in Production Arts (which continue to be sponsored by Bad Wolf). We will continue to deliver sustainable project work in this field in future year. This work sits alongside significant engagement with schools and communities that is embedded within our degree courses, including through partnerships with organisations addressing societal disadvantage/deprivation such as Making Music, Changing Lives in Ely, and the Oasis Centre in Splott. The College has a deep commitment to enriching the cultural landscape of Wales and beyond, and the imperative to engage with young talent remains a central part of our ambition.

Given the continuing financial challenge, we recognise the need to think and work differently. The College is now working to scope a new partnership approach to supporting outstanding talent from across Wales, developing sustainable models in music and drama that will best serve young people from all backgrounds. We plan to work closely in partnership with key national organisations: National Youth Arts Wales (NYAW), the National Music Service for Wales (NMSW), the Urdd and Seren, and constructive discussions have already begun. We aim to map development pathways through to professional training (aligning with, for example, the NMSW's core objective in relation to pathways), and to understand where strengths and gaps lie and where RWCMD can play the most impactful, targeted role.

We consider that within the wider ecology RWCMD has a vital role to play as a convener, partner, a reference point for quality, and a route for entry to professional music and drama training at

undergraduate and postgraduate levels. The College adds specific value, particularly for those identified with exceptional ability and/or potential. It can work through special events and partnership workshops that inspire, through access to specialist tuition and instruments/equipment where appropriate, and through mentorship with our students as well as giving young people the opportunity to taste and get to know conservatoire study.

Community Engagement

By the end of this year, more than two dozen RWCMD residencies have now been established to support talent development for recent graduates and conservatoire musicians, creating opportunities for venues and business to expand their reach and appeal, and providing advanced student ensembles with scope to develop business and commercial skills for the future in collaboration with their host venue. All residencies are being renewed with re-engagement of resident ensembles and appointment of new artists. Health care settings have expanded the reach of our work with calls for interest enabling pilot work in City Hospice and Velindre Hospital.

Residencies beyond Cardiff are growing and in 2024, a pilot residency for wind ensemble for Hay Castle Trust generated performances at Hay Castle, Hay Festival and with Hay Music Trust, taking outreach projects into local schools to generate audiences for the Hay Music concert Series.

Our residency series with Music in Country Churches ("MCC") continues to thrive, and in the summer, José Matias became the most recent performer from the Royal Welsh College of Music and Drama to play in a Music in Country Churches concert with Strauss's violin concerto with the English Chamber Orchestra under the baton of Koen Kessels. The residency pilot began in July 2021, at a concert in St Nicholas Church, Dersingham, Norfolk. Laura Deignan, clarinetist, and recipient of the Sir Ian Stoutzker Prize played Gerald Finzi's Bagatelles with the English Chamber. Since that first concert, MCC has hosted six prizewinning RWCMD musicians at the start of their careers as professional musicians, including Mared Emyr Pugh-Evans whose professional solo debut was at an MICC concert in Holy Trinity, Minchinhampton in 2022. Mared was recently appointed Royal Harpist to His Majesty The King.

Rhosygilwen Mansion, Pembrokeshire has established a new residency partnership for up to five jazz musicians to establish a dynamic in-house Ensemble, to become an integral part of the Rhosygilwen calendar of activity and the growing creative community in Pembrokeshire. Graduate jazz quartet Halfway successfully bid for the residency, and will be required to self-manage, working with the Rhosygilwen team. The vision for the Rhosygilwen resident musicians is through the offer of rehearsal and performance space on pre-agreed dates to a group of enthusiastic individuals, as a desirable professional launchpad where participants can hone their craft and their practice as performers, and develop their professional communications, marketing, arts management, and business awareness in partnership with the Rhosygilwen team. The ensemble will help to build Jazz profile within the venue's artistic programme, and to grow professional experience and values as an ensemble, building a business in partnership with high commitment and organisation, self-managing as a team, and valuing the residency as a contract of engagement.

This year we've also worked with colleagues across the College to provide support for Student Recruitment for young people with Protected Characteristics – providing Open Day Support, increasing diversity of imagery in staff presentations, featuring recent graduates. We've held a number of workshops across the year, working with ethnically diverse young people and young people with disabilities. We have also worked in Merthyr Tydfil and Abercynon, focussing particularly on young people facing economic and social disadvantage.

Our new Community Ticketing Scheme was launched this year enabling members of some of Cardiff's WIMD areas to access occasional free tickets to performances at RWCMD. Also, eligible (referred through approved agencies) are asylum seekers and refugees, disabled people, Tempo Time Credit network members, care experienced children and young people and groups and individuals supported by Race Council Cymru and Chinese in Wales.

The National Open Youth Orchestra (NOYO) Cardiff Ensemble supported five auditioned members ranging from 12–23 years old during this academic year. Eleven Cardiff rehearsals fed into the UK network of NOYO Ensembles (Barbican, Bournemouth, Birmingham, and Bristol) with opportunities for Cardiff members to participate in collective NOYO projects between terms. Postgraduate student placements for RWCMD Arts Managers and advanced RWCMD students enabled deep interaction and peer-to peer mentorship for our NOYO musicians, supported through partnership with BBC NOW, who provide free concert tickets for NOYO social events, and BBC instrumental tutors when required. Two performances in summer 2024 showcased the work of our NOYO ensemble, and increased audition applications were received, resulting in an ensemble of nine musicians for the 2024-2025 Academic Year.

Independent auditor's report to the members of the Royal Welsh College of Music and Drama Limited

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the charitable company") for the year ended 31 July 2024 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Trustees' Report and the Chair's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially

misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable 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 the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our 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 our 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to compliance with company law and charitable law applicable to charitable companies in England and Wales, we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Further and Higher Education SORP 2019, Companies Act 2006, the Charities Act 2011, taxation legislation and pensions legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the improper cut-off of revenue other than that from student fees and management override of controls. Audit procedures performed by the engagement team included:

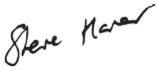
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Steve Harper (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Dated: 28 November 2024

10 Queen Street Place
London
EC4R 1AG

Statement of Comprehensive Income and Expenditure
for the Year Ended 31 July 2024

	Notes	**2024**	2023
		£'000	£'000
Income			
Tuition fees and education contracts	3	**10,728**	10,255
Funding body grants	4	**4,277**	4,411
Other income	5	**2,333**	1,966
Investment income	6	**446**	273
Total income before endowments and donations		**17,784**	16,905
Donations and endowments	7	**4,392**	3,981
Total income		**22,176**	20,886
Expenditure			
Staff costs	8	**9,573**	9,055
Other operating expenses		**8,883**	9,656
Depreciation	11	**1,269**	1,123
Interest and other finance costs	9	**342**	444
Total expenditure		**20,067**	20,277
Surplus before other gains and losses		**2,109**	**608**
Gain on disposal of fixed assets		**-**	8
Gain / (loss) on investments	17	**259**	(83)
Surplus for the year		**2,368**	**533**
Actuarial (loss) / gain in respect of pension schemes	23	**(41)**	2,913
Total comprehensive income/(expenditure) for the year		**2,327**	**3,446**
Represented by:			
Endowment comprehensive income	17	**355**	1,621
Restricted comprehensive income for the year	18	**3,065**	899
Unrestricted comprehensive (expense) / income for the year		**(1,093)**	926
		2,327	**3,446**

All items of income and expenditure relate to continuing activities.

Statement of Changes in Reserves
for the year ended 31 July 2024

	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2023	**4,426**	**2,401**	**8,772**	**1,819**	**17,418**
Surplus/(Deficit) for the year	**355**	**3,065**	**(1,052)**	**-**	**2,368**
Other comprehensive income	-	-	**(41)**	-	**(41)**
Balance at 31 July 2024	**4,781**	**5,466**	**7,679**	**1,819**	**19,745**

Balance Sheet
as at 31 July 2024
(Company Registration: 06013744)

	Notes	2024	2023
		£'000	£'000
Non-current assets			
Tangible assets	11	**24,796**	24,827
Heritage assets	11	**500**	500
Other	11	**135**	135
		25,431	25,462
Current assets			
Stock		**14**	10
Trade and other receivables	12	**629**	316
Investments	13	**8,109**	7,079
Cash and cash equivalents	19	**1,832**	1,015
		10,584	8,420
Creditors: amounts falling due within one year	14	**(4,183)**	(3,870)
Net current assets		**6,401**	4,550
Total assets less current liabilities		**31,832**	30,012
Creditors: amounts falling due after more than one year	15	**(11,915)**	(12,409)
Provisions			
Pension provisions	16	**-**	-
Other provisions	16	**(171)**	(185)
Total net assets		**19,746**	17,419
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	**4,781**	4,426
Income and expenditure reserve - restricted reserve	18	**5,466**	2,401
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		**7,679**	8,772
Revaluation reserve		**1,819**	1,819
		19,745	17,418
Share Capital		**1**	1
Total Reserves		**19,746**	17,419

The financial statements on pages 29 to 49 were approved and authorised for issue by the Board on 25 November 2024 and signed on its behalf by:



Michael Plaut OBE
Chair of Board of Governors

Cash Flow Statement
for the year ended 31 July 2024

	Note	**2024**	2023
		£'000	£'000
Cash flow from operating activities			
Surplus before other gains and losses		**2,109**	608
Adjustment for non-cash items			
Depreciation	11	**1,269**	1,123
Gain / (loss) on investments		**259**	(83)
Profit on disposal of fixed assets		**-**	8
(Increase)/ decrease in debtors	12	**(313)**	14
(Increase) / Decrease in stock	12	**(4)**	-
Increase in creditors	14, 15	**304**	180
LGPS Pension costs less contributions payable		**(53)**	354
Capital grant income	14	**(293)**	(380)
Adjustment for investing or financing activities			
Interest payable	9	**345**	357
Endowment income	7	**(33)**	(1,675)
Net cash inflow from operating activities		**3,590**	**505**
Cash flows from investing activities			
Movement in investments		**(1,030)**	370
Payments made to acquire fixed assets	11	**(1,239)**	(1,285)
		(2,269)	(915)
Cash flows from financing activities			
Interest paid		**(345)**	(357)
Endowment income		**33**	1,675
Repayments of amounts borrowed		**(192)**	(1,347)
		(504)	(29)
Increase/ (decrease) in cash and cash equivalents in the year		**817**	(440)
Cash and cash equivalents at beginning of the year	19	**1,015**	1,453
Cash and cash equivalents at end of the year	19	**1,832**	1,015
Movement		**817**	(440)

Analysis of changes in net debt	As at 1 Aug 2023	Cashflows	Other Changes	**As at 31 Jul 2024**
	£'000	£'000	£'000	**£'000**
Cash at bank and in hand	**1,015**	**817**	**-**	**1,832**
Debt due within one year	**(192)**	**192**	**(201)**	**(201)**
Debt due within more than one year	**(5,378)**	**-**	**201**	**(5,177)**
	(4,554)	**1,009**	**-**	**(3,546)**

Notes to the financial statements for the year ended 31 July 2024

1 Basis of Preparation

The Company is a United Kingdom private company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is Castle Grounds, Cathays Park, Cardiff, CF10 3ER. The Company is also registered as a charity with the Charity Commission under registered charity number 1139282. It is a subsidiary company of the University of South Wales which is its sole member.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of certain financial assets and liabilities at fair value, in accordance with the Companies Act 2006, as adapted to the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). The principal accounting policies are set out below and have been applied consistently throughout the year.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes to the accounts.

The Directors have reviewed the College's cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements (the going concern assessment period). After reviewing these forecasts, including compliance with current banking covenants and considering whether there are any material uncertainties, the Board are of the opinion that, taking account plausible downsides which reflect the risks and uncertainties described in this Trustees report and specifically in section 4.4, the College will have sufficient funds, to meet its liabilities as they fall due over the period reviewed. Accordingly, the financial statements have been prepared on a going concern basis.

Notes to the financial statements for the year ended 31 July 2024

2 Accounting policies

Income recognition

Income from tuition fees is recognised over the period in which students are studying and includes all fees chargeable to students or their sponsors. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of any discount.

Income from the sales of goods and services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Grant Funding

Government grants, including funding council block grant, are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

The main types of donations and endowments identified within reserves are:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College
3. Restricted permanent endowments – the donor has specified that the fund is be permanently invested to generate an income stream to be applied to a particular objective
4. Unrestricted donations – the donor has not specified conditions associated with the donation

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset under the accruals method. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance conditions being met.

Notes to the financial statements for the year ended 31 July 2024

2 Accounting policies (continued)

Accounting for retirement benefits

The two principal pension schemes for the College's staff are the Teachers' Pension Scheme ("TPS") and Rhondda Cynon Taff Pension Fund ("RCTPF"), a Local Government Pension Scheme ("LGPS"). RCTPF is a defined benefit scheme which is externally funded.

TPS is a multi-employer scheme, and it is not possible to identify each institution's share of the underlying liabilities in relation to the TPS and hence, contributions to the scheme are accounted for as if this was a defined contribution scheme, any cost recognised within the income statement being equal to the contributions payable to the scheme for the period.

Under IAS 19, the College considers the recoverability of any pension surplus and determines if there is any economic benefit available to the company to enable the recovery of this. Where the College believes there is no economic benefit, this surplus is not recognised as a recoverable asset.

Employment Benefits

Short term employment benefit such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement. Where the calculation results in a net asset, recognition is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds.

Early Retirement Provision

The Company maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement.

Provisions are established and the associated costs are charged to the income and expenditure account when the College has a legal or constructive obligation. The provision relates to enhanced teachers' unfunded pension arrangements established by the College. These are termination benefits made on a discretionary basis upon early retirement, in respect of the Teachers Pension Scheme.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Tangible Fixed Assets

Tangible fixed assets are initially recorded at purchase cost, including non-recoverable VAT, incidental costs of acquisition, less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life, as stated below. Depreciation is charged for a full year within the year that the asset becomes available for use.

Notes to the financial statements for the year ended 31 July 2024

2 Accounting policies (continued)

All fixed assets are reviewed for indicators of impairment at each balance sheet date.

Land and buildings
Land and buildings inherited from Royal Welsh College of Music and Drama Higher Education Corporation are stated in the balance sheet at their net book value on transfer.

As at 1 August 2014 asset lives were reassessed and revised depreciation rates applied to the net book value as at that date. The original Raymond Edwards building is being depreciated over 35 years, with the additional facilities being depreciated over 50 years, which is the expected remaining useful economic life.

Land was revalued to fair value on 1 August 2014, the date of transition to the 2015 Further and Higher Education SORP, resulting in a revaluation reserve of £1,819,000. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

Long leasehold buildings are depreciated over the shorter of the lease term and expected useful life.

Buildings under construction are capitalised at cost. Interest on loans used to fund capital projects is capitalised until such projects are brought into use. No depreciation is charged, until the year in which buildings under construction are brought into use.

Fixtures, fittings and plant and machinery
Equipment costing less than de minimis of £1,000 per individual item, is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost, including non-recoverable VAT, and is depreciated over its expected useful life, as follows:

Category of asset	Depreciation rate
Fixtures and fittings	7 years straight line
Plant and machinery	Between 3-10 years straight line

Heritage Assets
Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets acquired since College formation have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations. In subsequent periods, heritage assets are held at cost less any identified impairment.

Information on the valuation of Heritage assets is set out in note 11.

Notes to the financial statements for the year ended 31 July 2024

2 Accounting policies (continued)

Investments

Investments are held at fair value with movements recognised in income and expenditure.

Cash

Cash includes cash in hand and cash equivalents.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

The College is a charity registered with the Charity Commission number 1139282 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

Loans

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

Reserves

Reserves are classified as Restricted or Unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and the College is restricted in the use of these funds.

Use of estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual amounts may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the financial statements
for the year ended 31 July 2024

		Notes	2024 £'000	2023 £'000
3	**Tuition fees and education contracts**			
	Full-time home students		**6,301**	6,596
	Full-time international students		**3,906**	3,095
	Short Course Fees		**521**	565
			10,728	10,255

		2024 £'000	2023 £'000
4	**Funding body grants**		
	Higher Education Funding Council	**3,984**	4,030
	Amortisation of Deferred Capital grant	**293**	380
		4,277	4,411

		2024 £'000	2023 £'000
5	**Other income**		
	Catering	**828**	836
	Rental income	**131**	13
	Other income*	**1,374**	1,117
		2,333	1,966

* Included in other income is box office (ticketing) and venue hire income

			2024 £'000	2023 £'000
6	**Investment income**			
	Investment income on endowments	17	**117**	90
	Other investment income		**329**	184
			446	273

			2024 £'000	2023 £'000
7	**Donations and endowments**			
	Endowment income (new endowments)	17	**33**	**1,675**
	Donations with restrictions	18	**3,724**	**1,627**
	Unrestricted donations		**635**	**680**
			4,392	3,981

8 Staff costs

	2024	2023
Staff Costs	**£'000**	£'000
Salaries	**7,465**	6,825
Social security costs	**685**	629
Other pension costs	**1,423**	1,600
Total	**9,573**	9,055

Included in other pension costs are £1,052k (2023 : £911k) for defined contribution schemes.

Staff costs above include redundancy costs of £415k (2023: £Nil).

Further to the amounts shown above, the College was charged £2,615k (2023: £1,900k) for services provided by PSS* These costs are reported in other operating expenses in the Statement of Comprehensive Income and Expenditure.
**Professional and Support Services Limited ("PSS") is a wholly owned subsidiary of the University of South Wales and provides professional and support services (principally staff) to RWCMD.*

Remuneration of directors and higher paid employees	**2024**	2023
(a) Directors and higher paid employees:	**£'000**	£'000
Salary	**320**	324
Benefits	**3**	3
Pension contributions to LGPS	**57**	57
	380	384

	2024	2023
(b) Emoluments of the Principal:	**£'000**	£'000
Salary	**170**	164
Benefits	**3**	3
Pension contributions to LGPS	**29**	27
	202	194

Remuneration of the Principal of the College expressed as:	**2024**	2023
Basic salary as a multiple of the median basic salary of all staff	**4.21**	4.43
Total remuneration as a multiple of the median total remuneration to all staff	**4.05**	5.12

Remuneration of higher paid staff (excluding employer's pension contributions):	**Number**	**Number**
£100,000 to £109,999	**-**	1
£110,000 to £119,999	**1**	-
£160,000 to £169,999	**-**	1
£170,000 to £179,999	**1**	-

Number of full time equivalent staff during the year by major category, including senior post-holders:

	2024	2023
Academic	**109**	116
Other	**66**	60
	175	176

In addition to the above, the numbers of full time equivalent staff employed by PSS and providing services during the year to RWCMD was 83 (2023: 63).

8 Staff costs (continued)

Average headcount equivalent staff numbers by major category, including senior post-holders:

	2024	2023
Academic	**234**	221
Other	**80**	91
	314	312

Average headcount of staff employed by PSS and providing services during the year to RWCMD was 132 (2023: 150).

Trustee expenses

The College's Board members are the Trustees for charitable law purposes.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year.

The total expenses paid to or on behalf of Trustees was £4,383 (2023 - £1,046).

Notes to the financial statements
for the year ended 31 July 2024

9 Interest and other finance costs	2024 £'000	2023 £'000
Loan interest	**345**	357
Net (credit)/ charge on pension scheme (see note 23)	**(3)**	87
	342	444

10 Analysis of total expenditure by activity	2024 £'000	2023 £'000
Academic and related expenditure	**12,143**	12,418
Administration and central services	**3,139**	3,670
Premises	**3,017**	2,716
Residences, catering and conferences	**789**	418
Other expenses	**979**	1,055
	20,067	20,277

Other operating expenses included:

	2024 £'000	Restated [1] 2023 £'000
External auditor's remuneration in respect of audit services	**28**	34
External auditor's remuneration in respect of non audit services	**5**	5
Operating lease rentals - other	**258**	254

1. 2023 operating lease rentals corrected to include annual rent payable for workshop premises and excludes service costs on the piano lease.

Notes to the financial statements
for the year ended 31 July 2024

11 Tangible Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
Restated [1]					
At 1 August 2023	27,893	2,667	4,920	1,661	37,141
Additions	-	811	288	140	1,239
Disposals	-	-	-	-	-
At 31 July 2024	**27,893**	**3,478**	**5,208**	**1,801**	**38,380**
Accumulated depreciation					
Restated [1]					
At 1 August 2023	6,612	1,344	3,132	1,227	12,315
Charge for the year	469	110	576	114	1,269
Disposals	-	-	-	-	-
At 31 July 2024	**7,081**	**1,454**	**3,708**	**1,341**	**13,584**
Net book value					
At 31 July 2024	**20,812**	**2,024**	**1,500**	**460**	**24,796**
At 31 July 2023	21,281	1,323	1,788	434	24,827

Included in the net book value of fixed assets is aggregated interest capitalised of £266k (2023 - £274k).

Heritage Assets

	Heritage Assets	Total
	£'000	£'000
Cost		
At 1 August 2023	500	500
At 31 July 2024	**500**	**500**

The Heritage Assets stated above are the Foyle Opera Rara Collection. The College acquired the collection from Opera Rara in 2018 following a major grant from the Foyle Foundation for a purchase price of £500,000. The Collection had previously been valued by Christie's in 2016 and at that time it was thought if the entire collection was negotiaed *en bloc* for sale , this could achieve a sales price between £415,000 - £545,000.

Opera Rara
Opera Rara is a UK based opera company founded by Patric Schmidt and Don White in the early 1970's. The company specialise in bringing rare and forgotten operas back to life. The Opera Rara catalogie comprises over 100 titles, including 60 complete opera recordings and their work has led to a fundamental revaluation of the reputation of Donizetti, Pacini, Offenbach and Mercadante, changing the way in which these composers are perceived internationally.

Foyle Opera Rara
The collection was largely amassed by the founders who travelled through Europe, scouring music shops and book shops, collecting items they thought were interesting. Because of this, the collection is extremely varied.

The collection is free to access and open to everyone. Items from the collection are put on public display from time to time in various temporary exhibitions.

The College is currently in the process of cataloguing the collection and maintains the condition of the collection by housing it within a designated and managed area. The Collection is currenly stated it's purchase price and insurance valuation at the year end date. The Trustees review this annually and do not consider there has been any impairment to the collection at the balance sheet date.

Other Assets
The College has placed a £135,000 bond payment as security against the 20 year lease of its workshop in North Cardiff.

1. 2023 Leasehold Land and Buildings opening balances (cost and accumulated depreciation) adjusted to include Assets Under Construction (planning and design fees on the Old Library capital redevelopment). Previously included in Plant and Machinery.

12 Trade and other receivables

	2024	2023
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	**150**	154
Other receivables	**2**	3
Prepayments and accrued income	**399**	126
Amounts due from parent undertaking	**78**	34
	629	316

The amounts due from parent undertaking are interest free and repayable on demand.

13 Investments

	2024	2023
	£'000	£'000
Short term investment in shares	**3,584**	3,140
Short term bonds	**4,525**	3,940
	8,109	7,079

14 Creditors : amounts falling due within one year

		2024	2023
		£'000	£'000
Secured loans		**201**	192
Amounts owed to parent undertaking	22	**220**	57
Other creditors		**214**	182
Trade payables		**637**	464
Social security and other taxation payable		**154**	160
Accruals and deferred income		**2,757**	2,815
		4,183	3,870

The amounts owed to parent undertaking are interest free and repayable on demand.

Deferred income

Accruals and deferred income include other income which has been deferred until specific performance related conditions have been met and deferred capital grants, which are released on a consistent basis over the useful lives of the related assets.

	2024	2023
	£'000	£'000
Other income	**491**	412
Deferred capital grants (see notes 4 and 5)	**293**	380
	784	792

15 Creditors : amounts falling due after more than one year

	2024	2023
	£'000	£'000
Deferred capital grant	**6,738**	7,031
Secured loans	**5,177**	5,378
	11,915	12,409

Analysis of secured loans:

	2024	2023
	£'000	£'000
Due within one year or on demand (as per Note 14)	**201**	192
Due between one and two years	**211**	201
Due between two and five years	**700**	665
Due in five years or more	**4,266**	4,512
Due after more than one year	**5,177**	5,378
Total secured and unsecured loans	**5,378**	5,569
Secured loan repayable by 2041*	**5,378**	5,569
	5,378	5,569

Included within the total balance above is the following due in more than two years

	Interest	Repayment	Term	2024 £'000	2023 £'000
Barclays Bank					
All tranches	6.33%	Quarterly	33 years (to 2041)	**4,966**	5,177

* The interest rate on the secured loan is fixed at 6.33% until August 2024 and then reverts to 5.34% for the remaining term of the loan.
* The terms of the secured loan agreement provides that the Bank may require the College to grant a charge on the land and buildings owned by the College if certain covenants are breached.
There is currently no charge registered in this regard and based on the College's projections the Trustees consider it unlikely that the circumstances will arise within 12 months from the date of approval of these financial statements, which would require such a charge to be granted.

16 Provisions for liabilities

		Pension scheme provision under FRS102	Defined Benefit Enhanced Provision	Other Provisions	Total
		£'000	**£'000**	**£'000**	**£'000**
At 1 August 2023		-	150	35	**185**
Reduction in year	(see note 23)	-	(14)	-	**(14)**
At 31 July 2024		**-**	**136**	**35**	**171**

Other provisions includes an estimate for the future dilapidation remedial works on a College rented property. The estimated cost is reviewed on an annual basis.

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2024	Year to 31 July 2023
			Total	Total
	£'000	**£'000**	**£'000**	£'000
Opening Balances				
Capital	2,047	2,063	**4,110**	2,519
Accumulated income	93	223	**316**	286
	2,140	2,286	**4,426**	2,805
Endowment income	33	-	**33**	1,675
Investment income	57	61	**118**	90
Expenditure	(7)	(48)	**(55)**	(60)
Increase / (decrease) in market value of investments	125	134	**259**	(83)
Total endowment comprehensive income for the year	208	147	**355**	1,621
Closing Balances	2,348	2,433	**4,781**	4,426
Represented by:				
Capital	2,206	2,197	**4,403**	4,111
Accumulated income	142	236	**378**	315
	2,348	2,433	**4,781**	4,426
Analysis by type of purpose:				
Scholarships and prize funds	2,348	2,433	**4,781**	4,426
	2,348	2,433	**4,781**	4,426
Analysis by asset				
Current asset investments			4,467	4,035
Cash and cash equivalents			314	391
			4,781	4,426

18 Restricted Reserves

	Year to 31 July 2024	Year to 31 July 2023
	Total	Total
	£'000	£'000
Opening Balances	2,401	1,501
New donations	3,724	1,627
Expenditure	(659)	(727)
Total net restricted comprehensive income for the year	**3,065**	899
Closing balances	**5,466**	2,401

Notes to the financial statements
for the year ended 31 July 2024

18 Restricted Reserves (continued)

		Restated [1]
	2024	2023
	£'000	£'000
Analysis of other restricted funds /donations in the year by type of purpose:		
Scholarships and prize funds	**615**	1,006
Specific projects	**53**	91
Old Library capital development	**3,000**	500
Other	**56**	30
	3,724	1,627

19 Cash and cash equivalents

	At 1 August 2023	**Net Cash Flows**	**At 31 July 2024**
	£'000	**£'000**	**£'000**
Cash and cash equivalents	1,015	**817**	1,832
	1,015	**817**	**1,832**

20 Lease obligations

Total rentals payable under operating leases:

		Restated [2]
	2024	2023
	£'000	£'000
Payable during the year	**258**	254
Future minimum lease payments due:		
Not later than 1 year	**289**	**258**
Later than 1 year and not later than 5 years	**1,184**	**1,079**
Later than 5 years	**2,865**	**2,997**
Total lease payments due	**4,338**	**4,334**

The College entered into a 99-year lease with Cardiff Council on 23 June 2023 in respect of the Old Library in Cardiff City Centre with annual rental payments of £133,000. There is now a strong expectation (subject to final negotiations) that the College and Cardiff Council will agree a variation to the lease, in 2024/25, which will remove the remaining rental obligations for the remaining term of the lease. Therefore, the above table excludes any future obligations in this regard.

21 Related Parties

As the College is a wholly owned subsidiary of the University of South Wales, the College has taken advantage of the exemption contained in FRS102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the Group qualifying as related parties).

A close family member of the Chair of Governors is employed by the College and was remunerated, at an arm's length basis, £2,209 for their teaching services. There are no other related party transactions to be reported.

22 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is the University of South Wales, a Higher Education Corporation established under the Education Reform Act 1988. The results of the College have been incorporated in the University of South Wales' consolidated financial statements, which forms the largest and smallest group for which the College's financial statements are consolidated. Copies of the USW consolidated financial statements can be obtained from the following address:

University of South Wales, Pontypridd, Wales. CF37 1DL.

1. 2023 analysis of other restricted funds /donations by type of purpose corrected to show breakdown of donations, rather than breakdown of restricted expenditure which was incorrectly shown in the prior year.

2. 2023 operating lease rentals corrected to include annual rent payable for workshop premises and excludes service costs on the piano lease.

23 Pension Schemes

The College participates in two pension schemes, the Rhondda Cynon Taff Pension Funds (RCTPF), a local government pension scheme for non academic staff and the Teachers' Pension Scheme (TPS) for academic staff.

Teachers' Pension Scheme

TPS is a statutory contributory final salary scheme administered by the Teacher's Pensions Agency on behalf of the Department for Education and Skills. Under the TPS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary's Department (GAD), using normal actuarial principles conducts an actuarial review of the TPA.

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

Latest actuarial valuation 31 March 2020

Valuation of the assets at date of last valuation £222.2 million (estimated future contributions together with notional investments held at 31 March 2020).

The contribution rate increased from 23.68% to 28.68% on 1 April 2024.

Under the definitions set out in Financial Reporting Standard 102 (FRS102) the TPS is a multi-employer pension scheme and the College is unable to identify its share of the underlying assets of the scheme.

Accordingly the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out the above information available on the deficit in the scheme and the implications in terms of the anticipated contributions rates.

Rhondda Cynon Taff Pension Scheme

The scheme is a defined benefit occupational pension scheme. Pre April 2014 benefits are linked to final pensionable salary and service at date of retirement (or date of leaving the scheme if earlier). Post March 2014 benefits accrue on a Career Average Revalued Earnings (CARE) basis.

The scheme is valued every three years, the latest having been undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2022.

Assumptions

The financial assumptions used to calculate the RCTPF scheme liabilities under FRS102 are:

	2024	2023
	% pa	% pa
Price Inflation (CPI)	2.70	2.85
Rate of increase in pensionable salaries	3.70	3.85
Discount rate/interest income on assets	5.00	5.10

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 20.8 years.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	2024		**2023**	
	Males	Females	Males	Females
Pensioner aged 65	21.5	24.1	20.9	23.6
Active member aged 65	22.8	25.6	21.8	24.7

23 Pension Schemes (continued)

The assets in the RCTPF scheme are valued at fair value and comprise:

	2024	2023
	£'000	£'000
Equities	**12,502**	12,208
Government bonds	**2,179**	1,685
Corporate bonds	**2,882**	2,067
Property	**1,183**	1,233
Other	**373**	156
Cash	**29**	17
Total	**19,148**	17,366

Analysis of the amount shown in the balance sheet for RCTPF pensions:	**2024**	2023
	£'000	£'000
Fair value of fund assets	**19,147**	17,366
Present value of defined benefit obligation	**(16,325)**	(16,146)
Pension asset before adjustments	**2,822**	1,221
Effect of asset ceiling (FRS 102 para 28.22)	**(2,822)**	(1,221)
Net pension asset/(liability) recognised on Balance Sheet	**-**	-

The Trustees have considered the recoverability of the surplus and do not believe there is any foreseeable likelihood of any economic benefit to the College. Therefore, the IAS approach has been taken not to recognise this surplus in the financial position of the College and to cap the surplus to £Nil as considered acceptable under FRS 102.

	2024	2023
	£'000	£'000
Current service cost	**365**	682
Past service and administration charges	**12**	12
Total operating charge	**377**	694

Analysis of the amount charged to interest payable/credited to other finance income for RCTPF pensions:

	2024	2023
	£'000	£'000
Interest cost	**816**	672
Expected return on assets	**(826)**	(589)
Net (credit) / charge to other finance income	**(10)**	82
Payments to the Fund	**(413)**	(413)
(Credit) / charge to Income and Expenditure Statement	**(46)**	364

Analysis of other comprehensive income for RCTPF pensions:	**2024**	2023
	£'000	£'000
Gains/ (losses) on assets	**855**	(200)
Experience gain / (loss) on liabilities	**701**	4,339
Experience (loss)/ gain on liabilities (Enhanced Provision on Termination)	**(6)**	(6)
	1,550	4,133

23 Pension Schemes (continued)

History of experience gains and losses – RCTPF pensions

	2024	2023	2022	2021	2020
Difference between actual and expected return on scheme assets (£m)	855	(200)	(2,253)	3,314	803
Experience losses/(gains) on scheme liabilities (£m)	701	4,339	10,438	(3,241)	(1,082)

Cumulative actuarial loss recognised as other comprehensive income for RCTPF	**2024**	2023
	£'000	£'000
Cumulative actuarial (gains) / losses recognised at the start of the year	**(9,454)**	(5,314)
Cumulative actuarial (gains) / losses recognised at the end of the year	**(11,009)**	(9,454)

Analysis of movement in (deficit) / surplus for RCTPF pension	**2024**	2023
	£'000	£'000
Deficit at beginning of year	**-**	(2,555)
Contributions or benefits paid by the College	**413**	413
Current service cost	**(365)**	(682)
Other finance charge	**(2)**	(95)
Actuarial gain recognised in other comprehensive income	**1,556**	4,139
Surplus at end of year	**1,602**	1,221
Effect of asset ceiling (FRS102 para 28.22)	**(1,602)**	(1,221)
Net pension asset recognised on Balance Sheet	**-**	-

Analysis of movement in the present value of LGPS liabilities	**2024**	2023
	£'000	£'000
Present value of RCTPF liabilities at the start of the year	**16,146**	19,247
Current service cost (net of member contributions)	**365**	682
Interest cost	**815**	672
Actual member contributions (including notional contributions)	**206**	209
Actuarial (gain) / loss	**(701)**	(4,339)
Net benefits paid	**(506)**	(323)
Past service costs	-	-
Present value of RCTPF liabilities at the end of the year	**16,325**	16,146

Analysis of movement in the fair value of scheme assets	**2024**	2023
	£'000	£'000
Fair value of assets at the start of the year	**17,366**	16,690
Expected return on assets	**826**	589
Actuarial (loss) / gain on assets	**855**	(200)
Actual contributions paid by College	**413**	413
Actual member contributions (including notional contributions)	**206**	209
Net benefits paid	**(506)**	(323)
Administration expenses	**(12)**	(12)
	19,148	17,366

RCTPF assets do not include any of the College's own financial instruments, or any property occupied by the College.

Actual return on Scheme assets	**2024**	2023
	£'000	£'000
Expected return on Scheme assets	**826**	589
Asset gain /(loss)	**855**	(200)
	1,681	390

ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

England & Wales - Charity number 1139282

Accounts

Royal Welsh College of Music and Drama Limited

Financial Statements and Annual Review
Year ended 31 July 2023

Registered Company number	06013744
Registered Charity number	1139282

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1. Reference and administrative details

Charity name	Royal Welsh College of Music and Drama
Charity number	1139282
Company number	06013744

Chairman
Mr M Plaut

Secretary
Mr W Callaway

Principal address and registered office
Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors
External: KPMG LLP
3 Assembly Square,
Britannia Quay,
Cardiff,
CF10 4AX

Internal: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

2. Chair's report for the year ending 31 July 2023

As the newly appointed Chair of the Royal Welsh College of Music and Drama Limited ("RWCMD") - the National Conservatoire of Wales - it is my privilege to provide an Annual Report of the activities of the College over the last year.

2.1. Introduction

After several years of uncertainty and reduced operation due to the Covid-19 pandemic, activity at the College returned to 'business as usual' as we entered this reporting year. The focus and innovation directed towards developing the quality of our training and strengthening the reach, impact, and overall offer of the College during that time allowed us to resume our normal activities with renewed vigour and commitment.

Inclusion and equality remain at the heart of all our creative and strategic activities, including student and staff recruitment, curriculum and pedagogies, and creative programming. Community engagement and outreach is increasingly placed at the heart of our training as we work to uphold our vision to transform and connect communities through the arts. These priorities were further embedded during the significant course revalidations that took place across the College last year to ensure their relevance and appeal – focussing on our students' employability prospects and aligning with our strategic direction.

In music, our students and recent graduates work alongside experienced professionals from partner businesses, arts venues, and schools in a series of community residencies as part of a longer-term plan to focus community activity as a major portion of the student learning experience. In drama, our new Shakespeare initiative aims to make Shakespeare accessible to all children in Wales by filming and distributing the annual Shakespeare performance by our Richard Burton Company, free of charge.

The work on increasing financial support for students from low-income households has expanded in the last year, as our undergraduate Bursary Fund supported 94 students in their first and second year of study (2021/22 48 students). From September 2024, students from all four years of undergraduate study will be eligible for this support. As we move forward, we want to remove the barriers to visit or study with us and build stronger connections with all kinds of people. We believe that deeper engagement with diverse communities will only ever enrich us, ensure that we are accessible and relevant and feed into standards of excellence in every part of the organisation.

The College has, this year, made significant strides with the developments to our new Old Library campus in the centre of Cardiff with the launch of a £12m campaign to help restore and transform the building's original layout with repurposed space for performance, learning and teaching and community engagement. With thanks to Sir Howard Stringer and the Mosawi Foundation for their invaluable gifts, which kicked off the campaign, the Old Library will create opportunities for RWCMD to drive forward its vision to develop pioneering public engagement, nurture future talent and empower excellence in all its forms from the heart of Wales' capital city. The building has already seen the initial stages of transformation and has been used for rehearsals from our Richard Burton Company, symphony orchestra, and brass band, among others. One particular highlight has been the performances of Giant, where families and school groups visited the Old Library to see our Design for Performance students (and their puppets) put on a musical and visual storytelling treat.

Advancements have been made to fulfil our pledge to become carbon neutral by 2040. Recently installed solar panels across our North Road campus now generate up to 40% of the electricity needed to power the building, LED lighting replacements have been taking place across all teaching and working areas to improve efficiency, and a representative from the Welsh Government Energy Service now sits on the Old Library design team with the sole focus of sustainability and Net Carbon Zero.

With the publication of our Welsh Language and Culture Strategy in 2022, we committed to fully inhabit the role as the National Conservatoire of Wales by acknowledging the essential nature of the Welsh language in the cultural identity of the nation and to use, support and promote Welsh language and culture in the life and work of the College. Progress has been made this year through the commissioning of a new bilingual play which premiered as part of our NEW writing season, the increase of Welsh language scholarships, and the launch of Cronfa Syr Bryn Terfel. This latter initiative will be providing a Song prize featuring Welsh language song which will be available not only to our students but to singers from conservatoires across the UK and internationally. In addition, the fund will enable the creation of projects and commissions that celebrate the Welsh language and Welsh culture, with an emphasis on interactions with other international cultures.

The Chair's Report this year tells the story of the College through the following main sections:

- 2.2 Key Facts about the College
- 2.3 Vision, Strategy and Values
- 2.4 Highlights of the Year
- 2.5 Student Experience
- 2.6 Forward Look

2.2. Key Facts about the College

Student Body

In 2022/23 the College had 869 students (2021/22: 810)

- 70% undergraduate and 30% postgraduate (2021/22: 72% and 28%)
- 83% from UK with 22% from Wales (2021/22: 82% and 24%)
- 15% from overseas countries outside the EU (2021/22: 13%)
- 2% from EU (2021/22: 5%)
- 38 different countries (2021/22: 41)
- 26% declared a disability (2021/22: 18%)
- 18% declared non-white ethnicity (2021/22: 17%)
- 11% declared Welsh speaker (2021/22: 12%)
- 97% retention rate (2021/22: 95%)
- 91% of graduating students achieved first-class or upper second-class awards (2021/22: 92%)

2.3. Vision, Strategy and Values

The College's vision is to change lives, transform and connect communities through the arts. The programmes of work for 2019-2024 are built on five strategic pillars:



Key to delivering this strategy, the College used the following resources:

- income from students (£10.3m), Higher Education Funding Council for Wales (£4.2m), philanthropy and fundraising (£4.0m) and other sources (£2.5m)
- world class performance facilities such as the Dora Stoutzker Hall and Richard Burton Theatre
- highly qualified, committed and talented staff
- strong systems and processes
- an ambitious and creative community with a keen sense of values and identity
- productive partnerships and collaborations with leading industry organisations such as WNO, National Theatre and BBC.

Making best use of these resources across the College community, we ensure knowledge, experience and opportunities to perform are provided to our students in order to provide a high-quality workforce to the creative industries in Wales, the UK and internationally. The deployment of the College's resources enhances the employability and professionalism of our students so that our alumni successfully carry our name and reputation across the industry.

2.4. Highlights of the Year

As we celebrated our latest graduates at the end of the academic year, we reflected on some of the other progressive steps forward we've taken. From a balance of core traditional repertoire and new work to ambitious leaps forward towards our strategic objectives, it has been a year of major milestones.

These are just a few highlights, achieved through always working collaboratively with our partners.

Repertoire Giants

Complementing a brilliant production of Macbeth in the early spring, RWCMD launched its Shakespeare prize with Sir Ian McKellen. In March an extraordinary production of Poulenc's Dialogue of the Carmelites, that giant of the opera repertoire, brought more than 140 students together on a phenomenal set that integrated the full orchestra on stage.

Atmospheres Festival Firsts

Focusing on new work, the annual Atmospheres Festival showcased graduating composers, with performances that included a guitar concerto, dance and multi-media collaborations, a VR installation in the Old Library, music from choral to funk and two pop-up operas. Across the weekend there was also a 40% audience increase from last year.

New Voices stretching talent

The College's annual NEW season of plays also grew audience numbers, by more than 100%, and included New Voices, giving a public platform for the first time to four acting student writers' work, and attracting attention from literary agents.

Connecting communities

The College took the next big steps with its Old Library project, signing a 99 year lease on the Old Library, and deepening its partnership with Cardiff Council to put culture at the heart of regenerating the City centre. An extraordinary gift of £2m from Sir Howard Stringer, received in August 2023, has enabled RWCMD to launch its capital campaign for £12m to fully restore the Old Library. The first phase of major renovation and acoustic treatment of the building should start in 2024.

In May 2023, the puppetry project brought 335 children from five local schools to see the show.

Empowering excellence through industry links

The College continued to develop partnerships with leading organisations across the performing arts including Welsh National Opera, BBC National Orchestra of Wales and artists such as Abel Selaocoe, Colin Currie, Ben Goldscheider, Llyr Williams and Manchester Collective who are regular performance and masterclass visitors. In 2022 we launched a new partnership with leading event producers From The Fields to bring student composition into the magical Christmas at Bute Park light and sound trail. Across the year we engaged over 80 visiting artists and ensembles, the majority of whom gave student

masterclasses. Across the season we presented over 400 ticketed performances and sold 35,000 tickets.

Powering towards a sustainable future

As part of its commitment to carbon net zero, the College has installed solar panels on the roof of North Road, now delivering up to 40% of the electricity needed to run the building. Many other projects include implementing the new Theatre Green Book Standards across 100% of our productions, making all shows more sustainable, and a major LED production lighting upgrade, reducing energy usage and prolonging the equipment lifespan.

Opening up opportunities for all

The College has developed a comprehensive programme of works to make it more accessible. For example, from September 2023, the College will welcome the pioneering inclusive ensemble, National Open Youth Orchestra (NOYO) as an integrated part of Young RWCMD. Joining forces with NOYO and BBC National Orchestra of Wales, the Cardiff NOYO Centre, will offer the first progression route for talented young disabled musicians in the region.

2.5. Student Experience

Across the RWCMD academic portfolio, 163 of the 174 eligible students (94%) took part in the 2023 National Student Survey ("NSS"), compared with 81.5% in 2022. This was the highest participation rate in Wales where participation was 76.8% on average.

In Wales, the NSS retained the overall satisfaction question and at RWCMD this has risen significantly from 70.6% in 2022 to 79.8% in 2023. This overall institutional picture was supported by a much-improved response in Music which rose from 61.0% to 71.6% and by results in Drama which remain extraordinarily strong.

Within each undergraduate programme there is variance in overall satisfaction:

Course of study	2023 %	2022 %	2021 %
BMUS	72	61	64
BA Acting	100	90	86
BA Design	85	100	100
BA Stage Management	91	73	53

As noted above, our participation rate for the NSS was exceptionally high and we continue to welcome this willingness to engage with us. In addition to the NSS, we will continue to survey our students directly in all year groups through our own *All Student Survey* and modular evaluation, and through student representation on committees, working and focus groups.

Improvements have been clearly evidenced in some areas, notably BA Stage Management, following some targeted intervention in 2021/22 as part of our NSS Action Plan, and further intervention using Restorative Practice approaches in 2022/23. We are particularly delighted by the 100% satisfaction rating for Acting and pleased that BA Design for Performance satisfaction remains very high at 85%.

Overall Institutional Satisfaction for RWCMD is 80% in 2023, a significant rise from 71% in 2022. In Wales, the overall satisfaction across the University sector has remained constant at 76.7%. RWCMD has thus moved from just over 6% below Welsh sector average to just over 3% above average.

2.6. **Forward Look**

We are not short of ambition in the lead up to our 75th Birthday in 2024/25 and there's a powerful sense of energy and momentum to move forward in spite of operating in an increasingly difficult economic climate. There is particular financial pressure on Higher Education institutions, from which we as a conservatoire are not immune. With the pandemic now behind us, we are challenging ourselves to focus, and to avoid the temptation simply to do more, but to ensure that the students - their educational experience, their readiness for the professions, their ability to lead the future of the industries – are our first and last concern. There has never been a more important time to invest in a responsible business model underpinned by a sustainable environmental approach. This will also continue to be our focus over the coming period as we fulfil our pledge to become carbon net zero by 2040.

Our plan focuses on key priorities which include:

- Increasing our capacity to grow our degree programme/student community to achieve higher levels of sustainable income
- Introducing new market-tested and financially viable courses considered to be vital for Wales and offer excellent graduate employment outcomes
- Developing our working environment, culture and values. As well as investing in staff, this work includes progressing our strategy and agreed action plan to widen access and inclusion
- Growing our digital capacity to ensure that digital skills are embedded fully into our training for students where appropriate, and equally raising the College's profile and extending the new offer to audiences here and internationally
- Developing our Sustainability and Environmental policy in order to meet key commitments that include becoming carbon net zero by 2040
- Underpinned by our financial and environmental sustainability priorities – expansion plans commencing with phased development works at the Old Library, to accommodate greater student numbers and artistic output, and to re-establish it as an important cultural, artistic and educational hub, re-vitalising the public realm in line with government recovery objectives

2.7. Conclusion

The College continues to move towards achieving the ambitious targets we have pledged to reach in the coming years, and in the lead up to our 75th Birthday in 2024/25, the motivation to continue to drive innovation and deliver an exceptional programme of teaching, collaboration, creation, and performance has never been higher. I would like to pay tribute to the dedicated staff of the College and offer my continued thanks to our President, HRH The Prince of Wales (former), to Lord Rowe-Beddoe of Kilgetty, our Chairman Laureate, our outgoing Chair, John Derrick, and all my fellow Trustees for their active and committed service.

Mike

Michael Plaut OBE
Chair of Board of Governors
29 November 2023

3. Corporate structure, trustees and directors

The Royal Welsh College of Music and Drama Limited is a limited company and a registered charity. It is governed by its Articles of Association.

The charity's registered address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282.

The members of the Board, listed below, are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

The existing directors and those who held office during the year and up to the date of signing the annual report and financial statements, are given below:

John Derrick (Chair) – resigned 31 July 2023
Michael Plaut OBE (Chair) – appointed 1 August 2023
Professor Helena Gaunt (Principal - ex officio)
Dr Ben Calvert (Vice Chancellor - ex officio)
Lucy Hall (nominee of College Staff – resigned 31 July 2023)
Helen Sanderson (nominee of College Staff – appointed 1 August 2023)
Sarah Alexander OBE – appointed 1 August 2023
Natasha Hale – resigned 6 February 2023
Manon Bonner Antoniazzi
Aled Miles
Mario Ferelli
Roger Munnings CBE
Natalie Roe (Student President)
April Audiger – appointed 8 November 2022
Ian Lewis – appointed 8 November 2022
Tianyi Lu – appointed 8 November 2022
Professor David Ruebain – appointed 8 November 2022
Nitin Sawhney CBE – appointed 8 November 2022

4. Trustees Report

This report includes the Strategic Report and the Directors' report required under the Companies Act 2006. The Directors confirm that the financial statements for the year ended 31 July 2023 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

4.1. Strategic report

Financial Review

Principal activities
The College's principal activity continues to be the delivery of conservatoire education and professional training. In addition, the College activities includes the provision of public performances and exhibitions and the maintenance and improvement of performance facilities for the benefit of the local community.

Summary of main achievements
The Trustees have set out a summary of the main achievements of the charity in 2022/23 in section 6.

Financial strategy
Our financial strategy is designed to ensure the long-term financial viability and sustainability of the College through the creation of an operating environment in which staff are accountable and responsible for the efficient and effective stewardship of our resources.

We continue to maintain and build on our robust financial management in meeting the opportunities and challenges of a changeable conservatoire education landscape. To do this, we will manage our cash carefully to support our strategic priorities and our ability to maintain and enhance our infrastructure. We will control costs, making sound strategic decisions on activities that are either financially sustainable or are in alignment with the College's Strategic Plan.

The College has identified a number of key financial performance indicators that it monitors as part of its financial strategy. Performance over the last three years shows:

Key Performance Indicators	2022/23	2021/22	2020/21
Surplus/(deficit) before gains and losses - £000	608	(1,481)	(890)
Cash (including short term bonds) - £000	4,955	6,564	7,338
Net Assets - £000	17,419	13,975	7,353
Current ratio	2.2	1.9	2.7

Despite the challenges from the tail of the COVID-19 pandemic and the current levels of inflation the College has continued to operate in line with budget and the underlying financial position remains robust with healthy cash reserves and net assets to continue to operate effectively and in line with the College's Strategic plan.

Financial prospects
The College has seen 22% growth in new enrolment student numbers since September 2020 and underpinned by our recent and planned course portfolio redevelopment programme, we expect some growth to continue.

The reduction in our actuarial pension liabilities together with the sustainable recovery of commercial activities and strong development and fundraising activity have all contributed to our financial position. With this context, the Directors will be working with the College Senior Management Team, during 2023/24 to review and update the financial strategy for the period beyond 2024.

Financial Performance 2022/23

- Income has increased by 26% to £20,886k
- Total expenditure has increased by 12% to £20,277k
- A loss of £1,481k in 2021/22 has turned into a surplus of £608k in 2022/23
- Cash generated from operating activities decreased from £1,363k to £505k
- Net assets increased from £13,975k to £17,419k

Income

2022/23 saw continued increase in tuition fee income (5.4%), reflecting both additional headcount and inflationary increases in non-regulated fees. Funding from donations and endowments more than doubled in the year and other income also showed a significant increase (71%) representing strong recovery from the pandemic in commercial income streams such as catering and venue hire.

Expenditure

The expenditure increase of 12% (same as increase seen in the prior year) is principally attributable to increase in payments and recharges in respect of staff costs which include increased pension provision and the Universities and Colleges Employers Association (UCEA) recommended pay awards (awards made in August 2022 and early implementation of 2023/24 in February 2023).

Cash generated from operating activities

Net cash from operating activities was £505k in 2022/23 compared to £1,363k last year. Other significant movements in the year included payments to acquire fixed assets (as part of capital expenditure plan) of £1,285k.

The final loan repayment was made to the Higher Education Funding Council for Wales of £1,167k and loan repayments were made to Barclays Bank plc (including interest) of £541k.

Pensions

The discounted value of our share of the deficit on the Rhondda Cynon Taff Pension Fund mainly that our provision, on an FRS102 basis has decreased from £2,555k to £Nil.

4.2. Engaging with our stakeholders (section 172 (1) statement)

The Trustees (who are also Directors of The Royal Welsh College of Music and Drama Limited for the purposes of company law) have a duty to promote the success of the College for the benefit of its member having regards to the interests of our stakeholders, our students, our audiences, our employees, Higher Education Funding Council for Wales, our relationships with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of quality, care and business conduct.

All key Board decisions consider the impact on relevant stakeholders with a particular focus on providing a high quality service performance, outstanding community engagement, innovation, best practice in governance, workplace practices and responsible corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and

the weight they give to different issues and where these views may not align, the Board will take the best course of action to promote the company's long-term success.

Our students
Our students are at the heart of our business and operations. We aim to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential.

Employees, employee Involvement and Disabled Employees
The College's Strategic Equality Plan 2020-2025 includes a core objective to attract, retain and develop a diverse range of people to work for the College and to enable them to have access to open and transparent career development and progression. Applications for employment by disabled persons are always fully considered, taking into account the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives is regularly undertaken, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests.

Communication with all employees is undertaken through termly staff meetings, regular e-mails and occasional staff surveys. We plan to invest further in this work in 2023/24 with the introduction of more dedicated senior HR support in the College.

Staff members also have a Director on the Board of Directors.

Regulators
The College provided Higher Education services during the year. The College is a wholly owned subsidiary of USW who are regulated by the Higher Education Funding Council for Wales (HEFCW). HEFCW are the principal funding body from which the majority of the College grant income is received. The Group and hence the College work closely with HEFCW as part of the group funding arrangements. Regular qualitative and financial reports are submitted and the College's success is dependent on this open, robust and reciprocal relationship.

The College as a company and charity, also reports via Companies House and the Charity commission.

Suppliers
Our strong relationship with Suppliers ensures continuity of our operations and our ability to service our stakeholders to the highest possible standards. This includes suppliers of product and services across our education, public performance and venue and other commercial services. We treat our suppliers fairly and pay them within agreed timescales and always conduct ourselves professionally and to the highest possible standards. We work closely with our suppliers to ensure that they have effective controls in place to protect our students' (and stakeholders if applicable) health and safety and the security and privacy of their data.

Communities and environment
We prioritised investment in this area in 2022/23 with the introduction of a new role – Communities Engagement Partner – this supports our intention to play an active role in our communities.

We've outlined some of the highlights of the past year in section 6 of this report.

We recognise the global climate emergency and have joined the many organisations around the world calling for urgent action to tackle climate change. Specifically, we have pledged to get to carbon net zero by 2040 – sooner if we can – and in the coming year we will share a comprehensive carbon roadmap, developed in partnership with the Carbon Trust, for the College to explain the action we are taking to meet this pledge. We have also joined forces with the Race to Zero, underlining our commitment to a healthy and resilient zero carbon recovery.

4.3. Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the year to 31 July 2023:

	2022/23	2021/22
Energy consumption used to calculate emissions (kWh)	2,520,255	2,591,291
Scope 1: emissions in metric tonnes CO2e		
Gas consumption	253	262
Own transport	12	8
Scope 2: emissions in metric tonnes CO2e		
Purchased electricity	219	219
Scope 3: emissions in metric tonnes CO2e		
Own transport	14	16
Business travel in employee owned vehicles	5	24
Total gross emissions - Metric tonnes CO2e	503	529
Intensity ratio – tonnes CO2e per student	0.58	0.65

Qualification and reporting methodology
We have followed the 2019 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's conversion factors for Company Reporting.

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes Co2e per student, the recommended ratio for the sector.

Measures taken to improve energy efficiency

Since 2018 - all of the College's electricity has been sourced from green renewable sources and more than 85% of the conventional lighting installations have now been replaced with LED. Since 2021 the College has been replacing our fleet of diesel fuel vehicles with hybrid versions, along with reducing the number of fleet we own. In 2022 RWCMD completed the installation of a 198Kw solar panel array on the roof of its North Road campus. From November 2022 to July 2023 this generated 141,300kWh and it is expected that this will generate up to 40% of the base load of electricity across this campus going forward. Working with the Welsh Government Energy Service we have undertaken full energy audits across all sites and have undertaken remedial works where possible and affordable to improve insulation and reduce heat loss through the fabric of the building.

4.4. Principal risks and uncertainties

The College has identified a number of high-level strategic risks that it monitors on a regular basis. These include:

Recruitment and retention of students
The College's strategic plan targets annual growth in its current level of undergraduate and postgraduate student numbers and overseas students while ensuring the quality of students remains high. The College has flexible detailed actions together with a system of enhanced partnerships and an investment strategy to support these plans. Strong controls are in place which include direct oversight by the Executive and close working and alignments of academic and marketing teams. The board provides appropriate support and challenge for this work.

Fundraising

Fundraising support from Trusts and Foundations, public funders, businesses, and individuals continues to be essential to offering our students distinctive training and public performance opportunities. This support also ensures that, through scholarships and bursaries, young artists can more easily afford the cost of accessing a world class education to develop their creative talent and are not excluded from the opportunities the College offers them. In a highly competitive and challenging funding environment, the work of the Development Department is becoming ever more crucial to the College and, while the generosity of our supporters has resulted in a positive year, it is clear that there is future risk attached to the high targets that have been set to ensure that we sustain our momentum.

Income generation
Income from commercial activities has fully recovered from the COVID-19 pandemic since the cautious reintroduction of activities in September 2021. Our programme returned to a full schedule from early summer 2022 and our loyal customer base and new audiences have contributed to strong box-office ticket sales, a packed facility hire and events programme and a very busy catering and bar operation. Together this means that our commercial income streams are now back at pre pandemic levels.

4.5. Directors Report

Directors
The Directors who served during the year are set out in Section 3 of these financial statements.

4.6. Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2023 (2022 – £nil).

4.7. Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes to the accounts.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have reviewed cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts the Board are of the opinion that, taking account of severe but plausible downsides which reflect the risks and uncertainties described in section 4.4, the College will have sufficient funds, including if required, funding from its immediate parent, University of South Wales, to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period).

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support would be available if needed although, at the date of approval of these financial statements, they have no reason to believe that it would not be.

Amendments to the Barclays Bank plc loan covenants were agreed in 2022. These related to certain financial performance covenants attached to the secured loan and the new covenants and were formalised into a legally binding arrangement with Barclays in January 2022. On the basis of the aforementioned forecasts, these amended covenants will allow the College to continue to operate, based on the current forecasts, without breaching these revised performance conditions.

Consequently, the Board are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

4.8. Statement of Corporate Governance and Internal Control

Commitment to Best Practice in Governance

The College strives for governance to be undertaken in an open and accountable manner and aims to comply with best practice within the higher education sector. This summary describes how the relevant principles of corporate governance are applied to the College.

The Board of Directors of the Royal Welsh College of Music & Drama Ltd is responsible to the Board of Governors of the University of South Wales which is the sole 'member' of the College. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College except insofar as the College has its own arrangements.

The Board of Directors carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The directors discharge this responsibility through the following elements:

- Effective review by the College board and relevant committees (including internal and external audit function)
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems
- The identification and management of risk embedded in all business systems
- Regard for the Committee of University Chairs Code of Governance

The College's approach for the effective management of risk is set out below:

- A focus on the active management of risk as an integral part of the management process within every part of the organisation.
- Clearly identifying risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the College's reputation, its financial position or its day-to-day operations or any combination thereof.
- Actively encouraging all managers to consider risk implications of each major decision, contract or project as a normal part of their day-to-day work.
- Integrating risk management into the annual planning process which is how the Executive determine and co-ordinate the College's activities.
- The Principal and the senior management team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the College's risk register.
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Principal and the senior management team work with the College managers and their teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks.
- The risk register identifies significant risks and contains details of:
  - the nature of the risk
  - its potential impact
  - the likelihood of the risk crystallising
  - the 'owner' of the risk
  - the control processes which manage the risk
- The College Board has agreed with its internal auditors' that their programme of work and the approach to internal control will be risk based: this includes business, operational and compliance risks as well as financial risk
- The University of South Wales' Audit Committee regularly reviews the adequacy of the process of risk management at the College as it continues to be developed

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2023 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

Board of Directors and its sub committees

The Board of Directors met four times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the Company are formally received by the University of South Wales' Audit Committee which meets four times per year and acts as the College Board's Audit Committee. The 2022/23 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2022/23.

4.9. **Statement of disclosure of information to auditors**

In the case of each Director in office at the date the Directors' Report is approved, the following applies;

(a) so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

4.10. **Directors' indemnities**

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors'. This was also in force at the date of approval of the annual report and financial statements.

4.11. **Independent Auditors**

The auditors, KPMG LLP, were appointed in May 2020 and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a future meeting of the Board.

By order of the board



W D Callaway
Company Secretary

29 November 2023

5. Statement of Directors' responsibilities in respect of the Trustees' Annual Report and the financial statements

The directors are responsible for preparing the Trustees' Annual 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 charitable company and of the income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6. Objectives and activities for the public benefit

6.1. Charitable Objectives

The College promotes the advancement of education and learning for the public benefit, specifically the training of performers and others in music, drama and theatre, through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications. It also provides, maintains and improves performance facilities for the benefit of the local community.

Through the provision of high-quality training, the College seeks to produce graduates who are articulate and innovative in their art forms, and to provide the music and theatre industries with a highly skilled workforce, able to represent Wales on the world stage. The College makes a significant contribution to the cultural and artistic life of Wales and beyond.

6.2. Fulfilment of Charitable Objectives

Beneficiaries:
The College has a higher education student population of 869 students of whom 82% are UK and 15% from countries outside the EU. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. Other beneficiaries extend to younger students (from the age of four upwards) as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The general public attend over 400 ticketed public performances each year in addition to occasional free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:
The College seeks to recruit the most able and talented students, as well as those who exhibit exceptional potential irrespective of background. The College's Strategic Equality Plan 2020-2025 includes a core objective "to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential". Within its undergraduate programmes demand for places is high and is normally conducted by audition interview or portfolio submission.

6.3. Public Benefit Statement

Bursaries, scholarships and funding support:
To support students who experience financial hardship, the College makes available financial support through bursaries and philanthropic donations received from external sources.

A high percentage of students enrolled on the College's junior music and young actor programmes are in receipt of bursary support to enable them to access the College's tuition, regardless of financial need. The College sources this bursary support from a combination of public funds, trusts, foundations, businesses and philanthropic donors.

Our bursary scheme (launched in September 2021) provides financial support to all incoming UK undergraduates with household income below £30,000 a year and provides first year students with financial assistance of either £800 or £1,200 according to their level of need. Across the whole scheme, in 2022/23, 94 students (21/22: 48 students) received bursaries, equating to around a quarter of the new intake of undergraduate students with 33 students (21/22: 27 students) receiving the highest level of support. In a survey of our bursary recipients, 100% said that the Bursary Fund helped

relieve financial pressure during their studies and a further 73% (2022: 57%) said it was a factor in taking up their place at the College.

This scheme was made possible with support from a number of individuals, businesses and trusts, most notably the Mosawi Foundation and the Clive Richards Foundation.

Our scholarship policy provides means-tested support for students with protected characteristics, with particular emphasis on ethnic diversity and disability, students in financial need and Welsh domiciled students. There are also a limited number of scholarships which are offered as a means of attracting the most gifted students and in order to achieve balanced cohorts of students to enable training in recognised core ensembles.

Development and fundraising:

The College employs a professional fundraising team to secure income from individuals, businesses, trusts and foundations and from fundraising events, to contribute to core costs, provide scholarships and bursaries, and support particular programmes, performances and projects. The College is registered with the Fundraising Regulator and is therefore required to note in this report that no complaints have been received during the year in relation to fundraising. Across all fundraising activity, the College adheres to The Code of Fundraising Practice, including the guidance in relation to vulnerable donors.

Over £3.9m (2021/22 £1.7m) was raised during the period from fundraised income – more than doubling the previous year's total. Achieving this enabled the College to close the *Promise Campaign*, having achieved the fundraising goal of raising £5m over two years, bringing it to a close during this financial year. *Promise* was launched in September 2021 with a generous grant from the Mosawi Foundation, and its success ensured that the College could emerge strongly from the pandemic, able to invest in its programmes and performances and support students with more scholarships and a new Bursary Fund that is building wider access and greater diversity in our student community.

The Sir Geraint Evans Scholarship was launched at the beginning of the Autumn term, to mark the centenary of the birth of the internationally acclaimed Welsh Opera singer and former President of the College. The £150,000 fund received significant support from the Mosawi Foundation and The Linbury Trust and will provide a new scholarship to one student per year in the College's David Seligman Opera School for the next ten years. Other named scholarships continued to be a focus for support from many philanthropic individuals, corporate supporters, and grant makers. Generous donations have helped the College support over 115 students during 2022/23 and will continue to make a huge difference to the experience of many of our students as we move forward into a new academic year and continue supporting them.

The Spring term saw the College launch the inaugural Shakespeare Prize at the Royal Court Theatre, London. The prize is part of a wider initiative that includes an annual Shakespeare production, school workshops, and a film, distributed freely to schools and colleges across Wales. During the same term, the newly created Cronfa Syr Bryn Terfel (Sir Bryn Terfel Foundation) was introduced by the world-renowned baritone who will now be working in active partnership with the College to build a fund in his name. The fund will initially support a new biennial song prize as well as projects that celebrate the Welsh language and culture. In due course, gifts to Cronfa will be invested to develop new scholarships at the College in Bryn's name.

A substantial legacy gift was pledged to the College in the year 2022/23, from the estate of longtime supporter and philanthropist David Seligman. The legacy will directly support the David Seligman Opera School as well as adding to the endowment to create named scholarships in opera and other

music disciplines. An extraordinary gift of £2m from Sir Howard Stringer, received in August 2023, has enabled RWCMD to launch its capital campaign for £12m to fully restore the Old Library.

The College's regular giving programmes – Connect and The Chairs' Circle – continue to provide important unrestricted income for strategic priorities which assist with the development of the student experience at the College as well as financial assistance for the student performance programme.

These are just a few examples and the College would like to send its sincere thanks to the many individuals, businesses and charitable trusts that have supported scholarships, bursaries, special projects, prizes and other College and student activities during the period.

A full list of supporters can be viewed on the College website:
https://www.rwcmd.ac.uk/support-us/thank-you.

Widening Participation

An important part of delivering the College's widening participation activity is its junior training programmes for young musicians, actors and production artists, as well as an extensive community engagement programme that includes an annual series of schools' workshops, a community lesson scheme and a series of accessible workshops delivered both in college and in the community.

A new curriculum for RWCMD's Junior Conservatoire was approved in March 2023. The new curriculum

- provides an effective pathway from children's first steps in music to conservatoire-entry level and beyond, according to their individual skills and ambitions, and of high enough quality to provide an effective alternative to a specialist music school education
- improves accessibility for learners and greater breadth of curriculum
- embeds three overarching curricular frameworks to reflect our unique context within Wales: RWCMD's newly revalidated BMus course, the new Curriculum for Wales, and the graded exam system.

Seven Junior Conservatoire students enrolled on the BMus course at RWCMD in September 2022, with other leavers moving onto study at conservatoires and universities across the UK. The year-on-year retention rate for existing Junior students remains high, despite the financial challenges currently facing many families. Our young musicians achieved an impressive range of successes, including at Eisteddfodau, local competitions and events and, perhaps most notably, performing in a special masterclass broadcast as part of the 2023 Cardiff Singer of the World. A 15-year-old and a 16-year-old junior pianist were soloists in a remarkable performance of Rachmaninov's 2nd Piano Concerto given as part of the Junior Conservatoire Summer Festival in July 2023.

Young Actors Studio at RWCMD

The academic year 2022/23 saw the continued recovery from the pandemic with under 16 numbers being very buoyant and a slight reduction in our 16-20 year old groups. Our Junior offer (7 years to 11 years) is now in its 3rd year and has established very encouraging numbers. Across the year in total we worked with 149 young people between the ages of 7 years and 20 years in our weekly classes.

This last year also saw the culmination of a great deal of work in establishing a Welsh speaking group of young actors with a performance of Gair am Air by Tim Baker directed by Tonya Smith. This was

the first full production for under 18's in the Welsh language and the group goes from strength to strength.

RWCMD in West Wales

We have been re-focussing the Young Actors Studio's work in west Wales. Following our experience of working through the pandemic and the realisation that a 'centre based' approach to our work in the region was limiting accessibility to a restricted locality, we developed our strategy to include larger parts of Carmarthenshire, Cerdigion and Pembrokeshire.

We held workshops throughout the year in partnership with the Torch Theatre, Milford Haven, Yr Egin, Carmarthen, National Botanical Gardens, Llanarthne, Pembrokeshire College and Queens Hall, Narberth. We have also begun discussions with Aberystwyth Arts centre and Theatr Mwyldan in Ceredigion. Overall we worked with approximately 160 participants over 12 workshops.

Work with schools, colleges and youth organisations

Links with other organisation have also continued with outreach work being undertaken with Merthyr College, Bridgend College, Llandrillo Manai College (North Wales), Coleg Sirgar and Gower College Swansea. This has included specialist masterclasses and visits to RWCMD. We worked with over 100 students on various workshops and industry linked sessions.

We have formalised our relationship with the National Youth Theatre of Wales by collaborating on a number of workshops including a bespoke puppetry workshop undertaken with our Young People's Production Arts staff. The Head of the Young Actors Studio also took lead a training session for primary school teachers to help deliver the creative arts elements of the new curriculum for Wales.

Young People's Production Arts workshops

The Young Production Arts work continues to grow and develop with an ever-increasing number of participants on our contact lists. This year there were workshops in each term covering all aspects of production arts including technical theatre, set design, masks and prop making and hair and make-up design. Over 110 participants took part in workshops throughout the year.

Summer Schools

This year's suite of summer schools were well attended and included two schools for 11 – 16 year old performers and three Production arts schools in 'Exploring Backstage', 'Stage Management and Technical Theatre' and 'Design for Performance' totalling over 60 participants.

Community Engagement

The College's Community Engagement programme had a busy year delivering 43 workshops, events and concerts which reached approximately 1,825 participants.

Our new Community Engagement Partner's focus is to support a greater diversity of students and the public to access the College offering.

In year one, focus has been on:-

- Student Recruitment
- Developing approaches to engaging with the new school curriculum in Wales
- Supporting delivery of community focused aspects of our degree courses
- Developing plans for The Old Library
- Developing wider audiences for live performances

We have created a ticketing scheme for members of the public who may face barriers of disadvantage. The scheme supported over 150 attendances to college performances during the academic year.

External delivery of engagement work by our music students reached almost 2,000 participants across Wales though interactive sessions, in schools and community venues.

This is part of a longer-term plan to focus community activity as a major part of the student learning experience. As part of this plan, RWCMD has begun to create a network of music residencies across communities in Wales aiming to reach 40 residencies by 2025.

During this Academic Year Residencies were established in collaboration with the organisations below,

- Norwegian Church in Cardiff Bay
- Pedal Power culture café in Cardiff's Bute Park
- Penarth Pier Pavilion

and a further 19 Residencies are in discussion.

During the year, Directors of Music and Drama have continued to tour secondary schools across Wales, targeting those in more deprived areas, where they had personal links or staff have demonstrated an interest in our offer.

We set up Education Consultation groups at Secondary and Primary level, which meet once a term to discuss access to the training offer and performances. The groups also work with the College to develop and collaborate work so ensure it's relevance to their educational curriculum.

The Foundation Degree in Scenic Construction Department built scenery for a school production and recycled a set from a College production for a Cardiff Council Space Camp focused on STEM areas. This was targeted at Secondary Schools in Cardiff. The College is working with Cardiff Council staff on a storage area for scenic elements once productions are completed – collaborating to reduce waste to the environment and providing scenic elements for hire for local schools.

Independent auditor's report to the members of the Royal Welsh College of Music and Drama Limited

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the charitable company") for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the company's high-level policies and procedures to prevent and detect fraud and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet loan covenants,

we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company wide fraud risk management controls

We also performed procedures including:

- Identifying and testing journal entries based on risk criteria and comparing the identified entries to supporting documentation. These included journals containing specific words, revenue journals posted to unusual account combinations, and journals selected through applying our professional judgement to incorporate an element of unpredictability.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), charities legislation, distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rees Batley

Rees Batley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
30 November 2023

Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Income			
Tuition fees and education contracts	3	**10,255**	9,730
Funding body grants	4	**4,411**	3,892
Other income	5	**1,966**	1,276
Investment income	6	**273**	65
Total income before endowments and donations		**16,905**	14,963
Donations and endowments	7	**3,981**	1,674
Total income		**20,886**	16,637
Expenditure			
Staff costs	8	**9,055**	9,578
Other operating expenses		**9,656**	7,103
Depreciation	11	**1,123**	942
Interest and other finance costs	9	**444**	495
Total expenditure		**20,277**	18,118
Surplus/ (deficit) before other gains and losses		**608**	**(1,481)**
Gain on disposal of fixed assets		8	2
Loss on investments	17	**(83)**	(106)
Surplus/ (deficit) for the year		**533**	**(1,585)**
Actuarial gain in respect of pension schemes	23	**2,913**	8,206
Total comprehensive income/(expenditure) for the year		**3,446**	**6,621**
Represented by:			
Endowment comprehensive income / (expenditure)	17	**1,621**	(36)
Restricted comprehensive income for the year	18	**899**	98
Unrestricted comprehensive income for the year		**926**	6,559
		3,446	**6,621**

All items of income and expenditure relate to continuing activities

Statement of Changes in Reserves
for the year ended 31 July 2023

	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2022	**2,804**	**1,501**	**7,848**	**1,819**	**13,973**
Surplus/(Deficit) for the year	**1,621**	**899**	**(1,987)**	**0**	**533**
Other comprehensive income	0	0	**2,913**	0	**2,913**
Balance at 31 July 2023	**4,425**	**2,400**	**8,774**	**1,819**	**17,418**

Balance Sheet
as at 31 July 2023
(Company Registration: 06013744)

	Notes	2023	2022
		£'000	£'000
Non-current assets			
Tangible assets	11	**24,827**	24,664
Heritage assets	11	**500**	500
Other	11	**135**	135
		25,462	25,299
Current assets			
Stock		**10**	10
Trade and other receivables	12	**316**	330
Investments	13	**7,079**	7,449
Cash and cash equivalents	19	**1,015**	1,453
		8,420	9,242
Creditors: amounts falling due within one year	14	**(3,870)**	(4,932)
Net current assets		**4,550**	4,310
Total assets less current liabilities		**30,012**	29,609
Creditors: amounts falling due after more than one year	15	**(12,409)**	(12,890)
Provisions			
Pension provisions	16	**0**	(2,555)
Other provisions	16	**(185)**	(189)
Total net assets		**17,419**	13,975
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	**4,426**	2,805
Income and expenditure reserve - restricted reserve	18	**2,401**	1,501
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		**8,772**	7,849
Revaluation reserve		**1,819**	1,819
		17,418	13,974
Share Capital		**1**	1
Total Reserves		**17,419**	13,975

The financial statements on pages 28 to 47 were approved by the Board on 29 November 2023 and signed on its behalf by:

Mike

Michael Plaut OBE
Chair of Board of Governors

Cash Flow Statement
for the year ended 31 July 2023

	Note	2023	2022
		£'000	£'000
Cash flow from operating activities			
Surplus/ (deficit) before other gains and losses		**608**	(1,481)
Adjustment for non-cash items			
Depreciation	11	**1,123**	942
Loss on investments		**(83)**	(106)
Profit on disposal of fixed assets		**8**	2
Decrease / (Increase) in debtors	12	**14**	(184)
(Increase) / Decrease in stock	12	**(0)**	(10)
Increase in creditors	14, 15	**180**	1,032
LGPS Pension costs less contributions payable		**354**	1,190
Capital grant income	14	**(380)**	(311)
Adjustment for investing or financing activities			
Interest payable	9	**357**	336
Endowment income	7	**(1,675)**	(48)
Net cash inflow from operating activities		**505**	**1,363**
Cash flows from investing activities			
Movement in investments		**370**	741
Payments made to acquire fixed assets	11	**(1,285)**	(1,192)
		(915)	(451)
Cash flows from financing activities			
Interest paid		**(357)**	(336)
Endowment income		**1,675**	48
Deferred capital grant received in the year		**0**	593
Repayments of amounts borrowed		**(1,347)**	(1,131)
		(29)	(826)
(Decrease) / increase in cash and cash equivalents in the year		**(440)**	86
Cash and cash equivalents at beginning of the year	19	**1,453**	1,367
Cash and cash equivalents at end of the year	19	**1,015**	1,453
Movement		**(440)**	86

Analysis of changes in net debt	As at 1 Aug 2022	Cashflows	Other Changes	**As at 31 Jul 2023**
	£'000	£'000	£'000	**£'000**
Cash at bank and in hand	**1,453**	**(440)**	**0**	**1,015**
Debt due within one year	**(1,347)**	**1,347**	**(192)**	**(192)**
Debt due within more than one year	**(5,569)**	**0**	**192**	**(5,378)**
	(5,463)	**907**	**0**	**(4,554)**

Notes to the financial statements for the year ended 31 July 2023

1 Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of certain financial assets and liabilities at fair value, in accordance with the Companies Act 2006, as adapted to the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). The principal accounting policies are set out below and have been applied consistently throughout the year.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying notes to the accounts.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have reviewed cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts the Board are of the opinion that, taking account of severe but plausible downsides which reflect the risks and uncertainties described in section 4.4, the College will have sufficient funds, including if required, funding from its immediate parent, University of South Wales, to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period).

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support would be available if needed although, at the date of approval of these financial statements, they have no reason to believe that it would not be.

Amendments to the Barclays Bank plc loan covenants were agreed in 2022. These related to certain financial performance covenants attached to the secured loan and the new covenants and were formalised into a legally binding arrangement with Barclays in January 2022. On the basis of the aforementioned forecasts, these amended covenants will allow the College to continue to operate, based on the current forecasts, without breaching these revised performance conditions.

Consequently, the Board are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements for the year ended 31 July 2023

2 Accounting policies

Income recognition

Income from tuition fees is recognised over the period in which students are studying and includes all fees chargeable to students or their sponsors. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of any discount.

Income from the sales of goods and services is credited to the Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Grant Funding

Government grants, including funding council block grant, are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

The main types of donations and endowments identified within reserves are:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College
3. Restricted permanent endowments – the donor has specified that the fund is be permanently invested to generate an income stream to be applied to a particular objective
4. Unrestricted donations – the donor has not specified conditions associated with the donation

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset under the accruals method. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance conditions being met.

Notes to the financial statements for the year ended 31 July 2023

2 Accounting policies (continued)

Accounting for retirement benefits

The two principal pension schemes for the College's staff are the Teachers' Pension Scheme (TPS) and Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded.

It is not possible to identify each institution's share of the underlying liabilities in relation to the TPS and hence, contributions to the scheme are accounted for as if this was a defined contribution scheme, any cost recognised within the income statement being equal to the contributions payable to the scheme for the period.

Employment Benefits

Short term employment benefit such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement. Where the calculation results in a net asset, recognition is limited to the extent to which the College is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Early Retirement Provision

The Company maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement.

Provisions are established and the associated costs are charged to the income and expenditure account when the College has a legal or constructive obligation. The provision relates to enhanced teachers' unfunded pension arrangements established by the College. These are termination benefits made on a discretionary basis upon early retirement, in respect of the Teachers Pension Scheme.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Tangible Fixed Assets

Tangible fixed assets are initially recorded at purchase cost, including non recoverable VAT, incidental costs of acquisition, less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life, as stated below. Depreciation is charged for a full year within the year that the asset becomes available for use.

All fixed assets are reviewed for indicators of impairment at each balance sheet date.

Notes to the financial statements for the year ended 31 July 2023

2 Accounting policies (continued)

Land and buildings

Land and buildings inherited from Royal Welsh College of Music and Drama Higher Education Corporation are stated in the balance sheet at their net book value on transfer.

As at 1 August 2014 asset lives were reassessed and revised depreciation rates applied to the net book value as at that date. The original Raymond Edwards building is being depreciated over 35 years, with the additional facilities being depreciated over 50 years, which is the expected remaining useful economic life.

Land was revalued to fair value on transition to the 2015 Further and Higher Education SORP, resulting in a revaluation reserve of £1,819,000. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

Long leasehold buildings are depreciated over the shorter of the lease term and expected useful life.

Buildings under construction are capitalised at cost. Interest on loans used to fund capital projects is capitalised until such projects are brought into use. No depreciation is charged, until the year in which buildings under construction are brought into use.

Fixtures, fittings and plant and machinery

Equipment costing less than de minimis of £1,000 per individual item, is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost, including non recoverable VAT, and is depreciated over its expected useful life, as follows:

Fixtures and fittings	- 7 years straight line
Plant and machinery	- between 3-10 years straight line

Heritage Assets

Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets acquired since College formation have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations. In subsequent periods, heritage assets are held at cost less any identified impairment.

Information on the valuation of Heritage assets is set out in note 11.

Notes to the financial statements for the year ended 31 July 2023

2 Accounting policies (continued)

Investments

Investments are held at fair value with movements recognised in income and expenditure.

Cash

Cash includes cash in hand and cash equivalents.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

The College is a charity registered with the Charity Commission number 1139282 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

Loans

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Notes to the financial statements
for the year ended 31 July 2023

3	**Tuition fees and education contracts**	Notes	**2023** **£'000**	2022 £'000
	Full-time home students		**6,596**	6,554
	Full-time international students		**3,095**	2,522
	Short Course Fees		**565**	654
			10,255	9,730

4	**Funding body grants**	**2023** **£'000**	2022 £'000
	Higher Education Funding Council	**4,030**	3,615
	Amortisation of Deferred Capital grant	**380**	277
		4,411	3,892

5	**Other income**	**2023** **£'000**	2022 £'000
	Catering	**836**	473
	Other capital grants	**0**	34
	Other income	**1,130**	769
		1,966	1,276

6	**Investment income**		**2023** **£'000**	2022 £'000
	Investment income on endowments	17	**90**	64
	Other investment income		**184**	1
			273	65

7	**Donations and endowments**		**2023** **£'000**	2022 £'000
	Endowment income (new endowments)	17	**1,675**	48
	Donations with restrictions	18	**1,627**	924
	Unrestricted donations		**680**	702
			3,981	1,674

Notes to the financial statements
for the year ended 31 July 2023

8 Staff costs

	2023	2022
Staff Costs	£'000	£'000
Salaries	**6,825**	6,698
Social security costs	**629**	617
Other pension costs	**1,600**	2,263
Total	**9,055**	9,578

Included in other pension costs are £911k (2021/22 : £802k) for defined contribution schemes

In addition to the amounts shown above, the College was charged £1,900k (2022: £1,100k) for services provided by PSS*. These costs are reported in other operating expenses in the Statement of Comprehensive Income and Expenditure

**Professional and Support Services Limited ("PSS") is a wholly owned subsidiary of the University of South Wales and provides professional and support services to RWCMD*

Remuneration of directors and higher paid employees

	2023	2022
(a) Directors and higher paid employees:	£'000	£'000
Salary	**324**	305
Benefits	**3**	2
Pension contributions to LGPS	**57**	38
	384	344

	2023	2022
(b) Emoluments of the Principal:	£'000	£'000
Salary	**164**	162
Benefits	**3**	2
Pension contributions to LGPS	**27**	27
	194	191

Remuneration of the Principal of the College expressed as

	2023	2022
Basic salary as a multiple of the median basic salary of all staff	**4.43**	4.88
Total remuneration as a multiple of the median total remuneration to all staff	**5.12**	4.94

Number of full time equivalent staff during the year by major category, including senior post-holders

	2023	2022
Academic	**116**	108
Other	**60**	66
	176	174

In addition to the above, the numbers of full time equivalent staff employed by PSS and providing services during the year to RWCMD by major category

	2023	2022
Academic	**14**	11
Other	**49**	22
	63	33

Average headcount equivalent staff numbers by major category, including senior post-holders

	2023	2022
Academic	**221**	259
Other	**91**	120
	312	379

Average headcount of staff employed by PSS and providing services during the year to RWCMD was 150 (2022: 99)

Trustee expenses and related party transactions

The College's Board members are the Trustees for charitable law purposes.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year.

The total expenses paid to or on behalf of Trustees was £1,046 (2022 - £Nil)

9 Interest and other finance costs	**2023 £'000**	2022 £'000
Loan interest	**357**	336
Net charge on pension scheme (see note 23)	**87**	159
	444	495

10 Analysis of total expenditure by activity	**2023 £'000**	2022 £'000
Academic and related expenditure	**12,418**	10,600
Administration and central services	**3,670**	3,751
Premises	**2,716**	2,326
Residences, catering and conferences	**418**	230
Other expenses	**1,055**	1,212
	20,277	18,119

Other operating expenses included:

	2023 £'000	2022 £'000
External auditor's remuneration in respect of audit services	**34**	24
External auditor's remuneration in respect of non audit services	**5**	5
Operating lease rentals - other	**172**	**167**

Notes to the financial statements
for the year ended 31 July 2023

11 Tangible Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	27,893	2,318	4,237	1,461	35,909
Additions	0	0	1,086	199	1,285
Disposals	0	0	(53)	0	(53)
At 31 July 2023	**27,893**	**2,318**	**5,269**	**1,661**	**37,141**
Accumulated depreciation					
At 1 August 2022	6,144	1,313	2,653	1,135	11,246
Charge for the year	469	21	542	90	1,123
Disposals	0	0	(53)	0	(53)
At 31 July 2023	**6,612**	**1,334**	**3,142**	**1,227**	**12,315**
Net book value					
At 31 July 2023	**21,281**	**984**	**2,127**	**434**	**24,827**
At 31 July 2022	21,749	1,005	1,584	326	24,664

Included in the net book value of fixed assets is aggregated interest capitalised of £274k (2022 - £282k).

Heritage Assets

	Heritage Assets	Total
	£'000	£'000
Cost		
At 1 August 2022	500	500
At 31 July 2023	**500**	**500**

The heritage assets relate to the Foyle Opera RaRa Collection. This is a special collection comprising mainly 19th century operatic scores and manuscripts with associated artwork and archives. It was purchased from Opera Rara in 2018 with a grant from the Foyle Foundation.

The College aims to maintain the condition of the collection by housing it within a designated and managed area. Items from the collection will be on public display in various temporary exhibitions. The College is currently in the process of cataloguing the collection.

Other Assets

The College has placed a £135,000 bond payment as security against the 20 year lease of its workshop in North Cardiff.

12 Trade and other receivables

	2023	2022
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	**154**	265
Other receivables	**3**	6
Prepayments and accrued income	**126**	59
Amounts due from parent undertaking	**34**	0
	316	330

The amounts due from parent undertaking are interest free and repayable on demand.

13 Investments

	2023	2022
	£'000	£'000
Short term investment in shares	**3,140**	2,338
Short term bonds	**3,940**	5,111
	7,079	7,449

14 Creditors : amounts falling due within one year

		2023	2022
		£'000	£'000
Secured loans		**192**	180
Unsecured loans	15	**0**	1,167
Amounts owed to parent undertaking	22	**57**	137
Other creditors		**182**	501
Trade payables		**464**	-
Social security and other taxation payable		**160**	111
Accruals and deferred income		**2,815**	2,836
		3,870	4,932

The Unsecured Loan, a public benefit entity concessionary loan, was repaid on 31 May 2023.
The amounts owed to parent undertaking are interest free and repayable on demand.

Deferred income

Accruals and deferred income include other income which has been deferred until specific performance related conditions have been met and deferred capital grants, which are released on a consistent basis over the useful lives of the related assets.

	2023	2022
	£'000	£'000
Other income	**412**	228
Deferred capital grants (see notes 4 and 5)	**380**	311
	792	539

Notes to the financial statements
for the year ended 31 July 2023

15 Creditors : amounts falling due after more than one year

	2023	2022
	£'000	£'000
Deferred capital grant	**7,031**	7,321
Secured loans	**5,378**	5,569
	12,409	12,890

Analysis of secured loans:

	2023	2022
	£'000	£'000
Due within one year or on demand (as per Note 14)	**192**	1,347
Due between one and two years	**201**	192
Due between two and five years	**665**	634
Due in five years or more	**4,512**	4,743
Due after more than one year	**5,378**	5,569
Total secured and unsecured loans	**5,569**	6,916
Secured loan repayable by 2041*	**5,569**	5,749
Unsecured loan repayable by 2023	**0**	1,167
	5,569	6,916

Included within the total balance above is the following due in more than two years

	Interest	Repayment	Term	2023 £'000	2022 £'000
Barclays Bank					
All tranches	6.33%	Quarterly	33 years (to 2041)	**5,177**	5,569

* The interest rate on the secured loan is fixed at 6.33% until August 2024 and then reverts to 5.34% for the remaining term of the loan

* The terms of the secured loan agreement provides that the Bank may require the College to grant a charge on the land and buildings owned by the College if certain covenants are breached.
There is no charge currently registered in this regard and the Directors do not consider it likely that any charge will be required in the 12 months from the date of approval of the financial statements.

16 Provisions for liabilities

		Pension scheme provision under FRS102	Defined Benefit Enhanced Provision	Other Provisions	Total
		£'000	£'000	£'000	£'000
At 1 August 2022		2,555	154	35	**2,744**
Reduction in year		0	(4)	0	**(4)**
Reduction in year	(see note 23)	(2,555)	0	0	**(2,555)**
At 31 July 2023		**0**	**150**	**35**	**185**

Other Provisions includes future dilapidation remedial works on College rented properties.

Notes to the financial statements
for the year ended 31 July 2023

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2023 Total	Year to 31 July 2022 Total
	£'000	£'000	£'000	£'000
Opening Balances				
Capital	386	2,133	**2,519**	2,577
Accumulated income	76	210	**286**	264
	463	2,343	**2,805**	2,840
Endowment income	1,675	-	**1,675**	48
Investment income	23	67	**90**	64
Expenditure	(6)	(55)	**(60)**	(42)
Decrease in market value of investments	(14)	(69)	**(83)**	(106)
Total endowment comprehensive income for the year	1,677	(57)	**1,621**	(36)
Closing Balances	2,140	2,286	**4,426**	2,805
Represented by:				
Capital	2,047	2,063	**4,111**	2,519
Accumulated income	93	223	**315**	286
	2,140	2,286	**4,426**	2,805
Analysis by type of purpose:				
Scholarships and prize funds	2,140	2,286	**4,426**	2,805
	2,140	2,286	**4,426**	2,805
Analysis by asset				
Current asset investments			4,035	2,583
Cash and cash equivalents			391	222
			4,426	2,805

18 Restricted Reserves

Reserves with restrictions are as follows:

	Year to 31 July 2023 Total	Year to 31 July 2022 Total
	£'000	£'000
Opening Balances	1,501	1,404
New donations	1,627	672
Expenditure	(727)	(575)
Total net restricted comprehensive income for the year	**899**	97
Closing balances	**2,401**	1,501

18 Restricted Reserves (continued)

	2023	2022
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and prize funds	**685**	596
Specific projects	**32**	46
Other	**10**	30
	727	672

19 Cash and cash equivalents

	At 1 August 2022	Cash Flows	At 31 July 2023
	£'000	£'000	£'000
Cash and cash equivalents	1,453	**(440)**	1,015
	1,453	**(440)**	**1,015**

20 Lease obligations

Total rentals payable under operating leases:

	2023	2022
	£'000	£'000
Payable during the year	**172**	167
Future minimum lease payments due:		
Not later than 1 year	**177**	172
Later than 1 year and not later than 5 years	**764**	742
Later than 5 years	**2,882**	3,150
Total lease payments due	**3,824**	4,064

21 Related Parties

As the College is a wholly owned subsidiary of the University of South Wales, the College has taken advantage of the exemption contained in FRS102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the Group qualifying as related parties).

There are no other related party transactions to be reported.

22 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is the University of South Wales, a Higher Education Corporation established under the Education Reform Act 1988. The results of the Company have been incorporated in the University of South Wales' consolidated financial statements, which forms the largest and smallest group for which the Company's financial statements are consolidated, copies of which can be obtained from the following address:

University of South Wales
Pontypridd
Rhondda Cynon Taff
CF37 1DL

23 Pension Schemes

The College participates in two pension schemes, the Rhondda Cynon Taff Pension Funds (RCTPF), a local government pension scheme for non academic staff and the Teachers' Pension Scheme (TPS) for academic staff.

Teachers' Pension Scheme
TPS is a statutory contributory final salary scheme administered by the Teachers' Pensions on behalf of the Department of Education. Under the TPS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary's Department (GAD), using normal actuarial principles conducts an actuarial review of the TPA.

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

Latest actuarial valuation 31 March 2020

Valuation of the assets at date of last valuation £222.2 million (estimated future contributions together with notional investments held at 31 March 2020).

The contribution rate increased from 16.48% to 23.68% on 1 September 2019.

Under the definitions set out in Financial Reporting Standard 102 (FRS102) the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets of the scheme.

Accordingly the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out the above information available on the deficit in the scheme and the implications in terms of the anticipated contributions rates.

Rhondda Cynon Taff Pension Scheme
The scheme is a defined benefit occupational pension scheme. Pre April 2014 benefits are linked to final pensionable salary and service at date of retirement (or date of leaving the scheme if earlier), post March 2014 benefits accrue on a Career Average Revalued Earnings (CARE) basis.

The scheme is valued every three years, the latest having been undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2022.

Assumptions
The financial assumptions used to calculate scheme liabilities under FRS102 are:

	2023	2022
	% pa	% pa
Price Inflation (CPI)	2.85	2.75
Rate of increase in pensionable salaries	3.85	3.75
Discount rate/interest income on assets	5.10	3.50

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 22.1 years.

The derivation of the CPI inflation assumption has changed at 31 July 2023. Based on the sensitivity information provided in the actuary's report, we estimate that the impact of this change in approach to have resulted in an increase to the defined benefit obligation of £600k.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	2023		**2022**	
	Males	Females	Males	Females
Pensioner aged 65	20.9	23.6	21.4	23.8
Active member aged 45	21.8	24.7	21.9	24.9

23 Pension Schemes (continued)

The assets in the scheme are valued at fair value and comprise:

	2023	2022
	£'000	£'000
Equities	**12,208**	11,007
Government bonds	**1,685**	1,968
Corporate bonds	**2,067**	2,158
Property	**1,233**	1,392
Other	**156**	70
Cash	**17**	95
Total	**17,366**	16,690

Analysis of the amount shown in the balance sheet for LGPS pensions:

	2023	2022
	£'000	£'000
Fair value of fund assets	**17,366**	16,690
Present value of defined benefit obligation	**(16,146)**	(19,245)
Pension asset before adjustments	**1,221**	(2,555)
Effect of asset ceiling (FRS102 para 28.22)	**(1,221)**	-
Net pension asset/(liability) recognised on Balance Sheet	**-**	(2,555)

Management have used the IAS 19 approach to cap the surplus to £Nil (acceptable under FRS 102)

	2023	2022
	£'000	£'000
Current service cost	**682**	1,479
Past service and administration charges	**12**	14
Total operating charge	**694**	1,493

Analysis of the amount charged to interest payable/credited to other finance income for LGPS pensions:

	2023	2022
	£'000	£'000
Interest cost	**672**	460
Expected return on assets	**(589)**	(304)
Net charge to other finance income	**82**	156
Payments to the Fund	**(413)**	(447)
Charge to Income and Expenditure Statement	**364**	1,202

Analysis of other comprehensive income for LGPS pensions:

	2023	2022
	£'000	£'000
(Losses) / Gains on assets	**(200)**	(2,253)
Experience Gain / (Loss) on liabilities	**4,339**	10,438
Experience Gain / (Loss) on liabilities (Enhanced Provision on Termination)	**(6)**	20
	4,133	8,205

Notes to the financial statements
for the year ended 31 July 2022

23 Pension Schemes (continued)

History of experience gains and losses – LGPS pensions

	2023	2022	2021	2020	2019
Difference between actual and expected return on scheme assets:					
Amount (£m)	(200)	(2,253)	3314	803	519
Experience losses/(gains) on scheme liabilities:					
Amount (£m)	4,339	10,438	(3,241)	(1,082)	(1,782)

	2023	2022
	£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial (gains) / losses recognised at the start of the year	**(5,314)**	2,872
Cumulative actuarial (gains) / losses recognised at the end of the year	**(9,454)**	(5,314)

	2023	2022
	£'000	£'000
Analysis of movement in (deficit) / surplus for LGPS pension		
Deficit at beginning of year	**(2,555)**	(9,538)
Contributions or benefits paid by the College	**413**	447
Current service cost	**(682)**	(1,479)
Other finance charge	**(95)**	(170)
Actuarial gain recognised in other comprehensive income	**4,139**	8,186
Surplus at end of year	**1,221**	(2,555)
Effect of asset ceiling (FRS102 para 28.22)	**(1,221)**	-
Net pension asset recognised on Balance Sheet	**-**	(2,555)

	2023	2022
	£'000	£'000
Analysis of movement in the present value of LGPS liabilities		
Present value of LGPS liabilities at the start of the year	**19,247**	27,751
Current service cost (net of member contributions)	**682**	1,479
Interest cost	**672**	460
Actual member contributions (including notional contributions)	**209**	217
Actuarial (gain) / loss	**(4,339)**	(10,438)
Net benefits paid	**(323)**	(222)
Past service costs	**-**	-
Present value of LGPS liabilities at the end of the year	**16,146**	19,247

	2023	2022
	£'000	£'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	**16,690**	18,211
Expected return on assets	**589**	304
Actuarial (loss) / gain on assets	**(200)**	(2,253)
Actual contributions paid by College	**413**	447
Actual member contributions (including notional contributions)	**209**	217
Net benefits paid	**(323)**	(222)
Administration expenses	**(12)**	(14)
	17,366	16,690

LGPS assets do not include any of the College's own financial instruments, or any property occupied by the College.

	2023	2022
	£'000	£'000
Actual return on Scheme assets		
Expected return on Scheme assets	**589**	304
Asset loss	**(200)**	(2,253)
	390	(1,949)

Estimated contributions for LGPS in the Financial Year 2023-24 is £436k assuming 95% member take up.

ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

England & Wales - Charity number 1139282

Accounts

Royal Welsh College of Music and Drama Limited

Coleg Brenhinol Cerdd a Drama Cymru Cyfyngedig

Financial Statements and Annual Review
Year ended 31 July 2022

Registered Company number	06013744
Registered Charity number	1139282

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1. Reference and administrative details

Charity name Royal Welsh College of Music and Drama
Charity number 1139282
Company number 06013744

Chairman
Mr J Derrick

Secretary
Mr W Callaway

Principal address and registered office
Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors
External: KPMG LLP
3 Assembly Square,
Britannia Quay,
Cardiff,
CF10 4AX

Internal: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

2. Chair's report for the year ending 31 July 2022

As the Chair of the Royal Welsh College of Music and Drama Limited - the National Conservatoire of Wales - it is my privilege to provide the Annual Report of the activities of the College for the last year, my fifth year as Chair.

2.1. **Introduction**

During this reporting year, whilst COVID-19 has continued to impact our operation, there have been some significant advancements made to strengthen our core business, develop the quality of our training, assist our students during a time of continued uncertainty and disruption, to extend our reach and impact and, through all of the above, to embody our vision to "to change lives, transform and connect communities through the arts". Our commitment to inclusion and equality of opportunity continues to cut through all our activities, including student and staff recruitment, curriculum and pedagogies, creative programming and our work in and with communities. At the start of the year, we were delighted to welcome new cohorts of students into our Foundation Degree in Scenic Construction and our newly launched BA in Musical Theatre, vital new training for Wales. The Musical Theatre course had 521 applicants for just 16 places. The Foundation in Scenic Construction students were already exhibiting their work (sets built for our first season of shows) shortly after starting their studies and a number of these students were offered professional work after just six weeks.

These courses have been created, in response to industry need, enabling us to steadily grow our student community with students joining from across the world and achieve higher levels of sustainable income over the long term. Other degree courses have been reimagined and revalidated to ensure their relevance and appeal aligned with our strategic direction.

We have made strong progress against our Strategic Equality Plan and in our efforts to become more relevant, diverse, connected and engaged. Work on our creative programme has helped to increase accessibility and the diversity of visiting artists and audiences and is demonstrating the essential and exciting creative power of an increasingly diverse community. In December 2021 we welcomed the acclaimed playwright Roy Williams as Writer in Residence and his new commission: *Freedom (March on Selma)* premiered in NEW: 22. Errollyn Wallen took up the position of Artist in Residence, enjoying student performances of her works *Chrome and Mighty River*. Other particular highlights were visiting productions: *Shades of Blue* (Matsena brothers) and Errollyn's *The Paradis Files.*

In addition to launching a new, sector-leading bursary programme, our scholarship policy was reviewed and refreshed providing means-tested support for students with protected characteristics, with particular emphasis on ethnic diversity and disability, students in financial need and Welsh domiciled students. I am delighted to see the College showing such leadership in the cultural change of the conservatoire sector and the considerable investment made into increasing the accessibility of our training and the diversity of our student community and, through us, the creative industries.

We are grateful to the Arts Council of Wales for its support through the third round of the Cultural Recovery Fund which helped us to continue our public programme when regularly changing lockdown restrictions and guidelines meant audiences and, subsequently, opportunities to generate income, were limited. During the first Richard Burton Company season of the year, all three production runs were cut short due to multiple cases of COVID-19 but, by the end of the year, we were able to host

the World Harp Congress welcoming over 800 delegates from 37 countries around the world, preceding a packed summer of commercial venue hires.

This year we were granted the extraordinary opportunity to become the new custodians of the Old Library building in the centre of Cardiff. Not only has this provided us with the space we need to be able to introduce new courses and increase our student numbers and artistic output, but it also serves as an integrated expression of the direction of the College as we begin in-depth consultation on community engagement and build inclusion and public engagement into all of our activities. A new staff position - Communities Engagement Partner – will help to ensure that the new campus becomes a centre of excellence that has its surrounding community at the forefront of everything.

The College has also put itself through a rigorous quality assurance process with MusiQuE - an independent foundation responsible for international standards in higher education conservatoire training. It is the first time a UK institution has put itself forward for this level of review, across Music Drama and under-18 provision. The College was peer reviewed by a professional team from a range of European and wider international Conservatoires, looking in detail at every aspect of College life including: Vision, mission and context; Educational processes; Student profiles; Teaching staff; Facilities, Resources and support; Communication, Internal quality culture; Public interaction. The review concluded that we are a shining example of best practice. Below is a short excerpt:

"The review team considers the College's commitment to collaboration - partnerships (regional, national and international) and optimising the multidisciplinary experience within the curriculum – as particularly impressive. This in turn will have positive effects on its regional, national and global status. Equally, the review team considers that the College's commitment to the individual student experience, its commitment to serve under-represented groups and to promote equality diversity and inclusion is a highly valuable set of aims. This commitment was evident to the team in all its site visit meetings, institutional documents and dealings with the College."

This year's Chair's Report tells the story of the College through the following main sections:

- 2.2 Key Facts about the College
- 2.3 Vision, Strategy and Values
- 2.4 Highlights of the Year
- 2.5 Student Experience
- 2.6 Forward Look

2.2. Key Facts about the College

Student Body

In 2021/22 the College had 810 students (2020/21: 807)

- 72% undergraduate and 28% postgraduate (2020/21: 74% and 26%)
- 82% from UK with 24% from Wales (2020/21: 75% and 20%)
- 13% from overseas countries outside the EU (2020/21: 10%)
- 5% from EU (2020/21: 6%)
- 41 different countries (2020/21: 56)
- 18% declared a disability (2020/21: 17%)
- 17% declared non-white ethnicity (2020/21: 17%)
- 12% declared Welsh speaker (2020/21: 12%)
- 95% retention rate (2020/21: 95%)
- 92% of graduating students achieved first-class or upper second-class awards (2020/21: 88%)

2.3. Vision, Strategy and Values

The College's vision is to change lives, transform and connect communities through the arts. The programmes of work for 2019-2024 are built on five strategic pillars:



The College uses the following resources to achieve these aims:

- income from students (£9.7m), Higher Education Funding Council for Wales (£3.9m), philanthropy and fundraising (£1.7m) and other sources (£1.3m)
- world class performance facilities such as the Dora Stoutzker Hall and Richard Burton Theatre
- highly qualified, committed and talented staff
- strong systems and processes
- an ambitious and creative community with a keen sense of values and identity
- productive partnerships and collaborations with leading industry organisations such as WNO, National Theatre and BBC.

Making best use of these resources across the College community, we ensure knowledge, experience and opportunities to perform are provided to our students in order to provide a high-quality workforce to the creative industries in Wales, the UK and internationally. The deployment of the College's resources enhances the employability and professionalism of our students so that our alumni successfully carry our name and reputation across the industry.

2.4. **Highlights of the Year**

From the start of the year until its close, the College - like many other organisations - saw continuous adaptation and challenge through the shifting sands of COVID-19. From having no external audiences at the start of the year to a carefully managed, very limited number, to a full house by Summer 2022, students and colleagues worked with agility, diligence and exhaustive safety testing to protect productions and the essential professional training opportunities that they provide. Here are just a few of the highlights of the year.

Cardiff's much-loved Grade II listed Old Library building was looking for its purpose in Summer 2021, when the College presented its successful bid to Cardiff Council to breathe new life into the old stone through vibrant music and drama. The College has started to reimagine the space, aiming to work with communities to take it back to its roots as a place for shared education. The promise to transform the city centre space into a beating heart of culture and creativity over the next few years, to nurture the most diverse range of talents and combine innovation with Wales' heritage inspired not only Cardiff Council – who gave the proposal its full backing - but also partner organisations and the whole of our community. A June puppetry performance *Now & Then* wittily telling a colourful story of Cardiff was the Old Library's first public show and swiftly sold out.

Notable successes include graduate of 2020 Callum Scott Howells who was nominated for a Bafta and won Best Actor at the RTS Awards for his role as Colin in Russell T Davies' *It's A Sin*. Designer – and Olivier Award nominee – Gabriella Slade - won a prestigious Tony Award for her sensational designs for the smash hit musical *Six.* The Cory Band, our brass band in residence, was again crowned European Brass Band champion for 2022.

Graduates of the College secured 6 of the 12 coveted places for the Linbury Prize for Stage Design – the design world's most prestigious award for emerging talent. Half of all finalists over the last four Linbury Prize years have been our students.

Music students reached almost 2,000 participants across Wales though interactive community engagement sessions, involving 70 schools and community venues and spanning music from opera to jazz.

The College continued to roll out its Strategic Equality and Anti-Racism plans introduced in 2020/21. The Strategic Equality Plan aimed high and we have made good progress but there is much more to do ahead. We acknowledge the challenge and continue to embrace it through meaningful action. We published an update earlier this year (**Update Report**) which explained some of the ways we have taken this work forward.

2.5. **Student Experience**

Across the academic portfolio, 119 of the 146 eligible students took part in the 2022 NSS (82%), compared with 80% in 2021; figures which continue to measure well against participation across Wales (circa 69% in 2022 and 2021). We welcome this willingness to engage and, in addition to the NSS, we will continue to engage directly with students in all year groups through our own *All Student Survey* and modular evaluation, and through student representation on committees, working and focus groups.

Within each under-graduate programme there is variance in overall satisfaction:

Course of study	**2022 %**	**2021 %**	**Variance +/- %**
BMUS	61	64	**-3%**
BA Acting	90	86	**+4%**
BA Design	**100**	**100**	**n/a**
BA Stage Management	73	53	**+20%**

Improvements have been clearly evidenced in some areas, notably BA Stage Management, following some targeted intervention in 2021/22 as part of our NSS Action Plan. It is also pleasing that BA Design for Performance maintained their 100% student satisfaction. Overall Satisfaction is 71% in 2022, a marginal improvement when compared to the outcome of 70% in 2021.

When comparing our results with Conservatoire UK members and other Drama schools, the College's overall satisfaction rating at 71% sits "mid table" with the highest (Guildhall) at 88% and the lowest (LAMDA) at 55%. The highest thematic marks are spread over many institutions while half of the lowest are centered on one institution (a sign of annual fluidity based on local issues). The lowest numerical outcome of the sector's top marks (>70%) can be found in 'Organization & Management' and 'Student Voice.' We will work with our sister institutions, through sector-wide forums, including the Conservatoires UK Learning and Teaching Committee, (chaired by the Principal of RWCMD), to show how we can collaborate to improve.

2.6. **Forward Look**

We are not short of ambition in the lead up to our 75th Birthday in 2024/25 and there's a powerful sense of energy and momentum to move forward in spite of operating in a very difficult economic climate. As we come out of the pandemic, we are challenging ourselves hard to focus, and to avoid the temptation simply to do more, but to ensure that the students - their educational experience, their readiness for the professions, their ability to lead the future of the industries – are our first and last concern. There has never been a more important time to invest in a responsible and sustainable business model underpinned by a sustainable environmental approach. This will also continue to be our focus over the coming period as we fulfil our pledge to become carbon net zero by 2040.

Our plan focuses on key priorities which include:

- Increasing our capacity to grow our degree programme/student community to achieve higher levels of sustainable income
- Introducing new market-tested courses considered to be vital for Wales and offer excellent graduate employment outcomes
- Developing our working environment, culture and values. As well as investing in staff, this work includes progressing our strategy and agreed action plan to widen access and inclusion
- Growing our digital capacity to ensure that digital skills are embedded fully into our training for students where appropriate, and equally raising the College's profile and extending the new offer to audiences here and internationally
- Developing our Sustainability and Environmental policy in order to meet key commitments that include becoming carbon net zero by 2040
- Expanding our campus, both to accommodate our greater student numbers and artistic output, and also to re-establish it as an important cultural, artistic and educational hub, re-vitalising the public realm in line with government recovery objectives

2.7. **Conclusion**

The College has again delivered a valuable student experience, an impressive volume of productions for audiences, completion of all academic programmes as planned as well as a number of critical business improvements. I would like to pay tribute to the dedicated staff of the College and offer my continued thanks to our President, HM King Charles III, to Lord Rowe-Beddoe of Kilgetty, our Chairman Laureate and all my fellow Trustees for their active and committed service.



John Derrick
Chair of Board of Governors
30 November 2022

3. Corporate structure, trustees and directors

The Royal Welsh College of Music and Drama Limited is a limited company and a registered charity. It is governed by its Articles of Association.

The charity's registered address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282.

The members of the Board, listed below, are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

The existing directors and those who held office during the year and up to the date of signing the annual report and financial statements, are given below:

John Derrick (Chair)
Professor Helena Gaunt (Principal - ex officio)
Dr Ben Calvert (Vice Chancellor - ex officio, from 1 September 2021)
Professor Julie Lydon (Vice Chancellor - ex officio, resigned 31 August 2021)
Rebecca Mercer (Student President, resigned 31 July 2022)
Lucy Hall (nominee of College Staff)
Jemma Terry (USW Board, resigned 31 July 2022)
Natasha Hale
Manon Bonner Antoniazzi
Aled Miles
Mario Ferelli
Roger Munnings (resigned 3 March 2022, reappointed 1 April 2022)
Natalie Roe (Student President, appointed 3 September 2022)

4. Trustees Report

This report includes the Strategic Report and the Directors' report required under the Companies Act 2006. The Directors confirm that the financial statements for the year ended 31 July 2022 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

4.1. **Strategic report**

Financial Review

Principal activities
The College's principal activity continues to be the delivery of conservatoire education and professional training. In addition, the College activities includes the provision of public performances and exhibitions and the maintenance and improvement of performance facilities for the benefit of the local community.

Financial strategy
Our financial strategy is designed to ensure the long-term financial viability and sustainability of the College through the creation of an operating environment in which staff are accountable and responsible for the efficient and effective stewardship of our resources.

We continue to maintain and build on our robust financial management in meeting the opportunities and challenges of a changeable conservatoire education landscape. To do this, we will manage our cash carefully to support our strategic priorities and our ability to maintain and enhance our infrastructure. We will control costs, making sound strategic decisions on activities that are either financially sustainable or are in alignment with the College's Strategic Plan.

The College has identified a number of key financial performance indicators that it monitors as part of its financial strategy. Performance over the last three years shows:

Key Performance Indicators	2021/22	2020/21	2019/20
Surplus/(deficit) before gains and losses - £000	(1,481)	(890)	34
Cash (including short term bonds) - £000	6,564	7,338	8,570
Net Assets - £000	13,975	7,353	7,832
Current ratio	1.9	2.7	2.4

Despite the challenges from the COVID-19 pandemic which has impacted the last two years the College has operated in line with budget in both years and the underlying financial position remains robust with healthy cash reserves and net assets to continue to operate effectively and in line with the College's Strategic plan.

Financial prospects
The College has seen just under 15% growth in new enrolment student numbers since September 2020 and underpinned by our recent and planned course portfolio redevelopment programme, expect to see this continue. This together with the robust recovery of commercial activities and strong prospect from development and fundraising means that we expect to continue to operate in line with the approved College's Strategic plan.

Financial Performance 2021/22

- Income has increased by 9% to £16,637k
- Total expenditure has increased by 12% to £18,118k
- Consequently, the loss of £890k has risen to a deficit of £1,481k in 2021/22
- Cash generated from operating activities increased from £728k to £2,067k
- Net assets increased from £7,354k to £13,975k

Income

There was a significant increase in tuition fees (8.9%), reflecting both additional headcount and inflationary increases in non-regulated fees. A higher level of funding from donations and endowments was received, while other income remained fairly static.

Expenditure

The expenditure increase is principally attributable to increase in payments and recharges in respect of staff costs which include increased pension provision, the Universities and Colleges Employers Association (UCEA) recommended pay award and the increase in Employer's national insurance contributions since April 2022 of 1.25%. An "appreciation payment" of £500 (pro rata according to full time equivalent employment status) for staff was also agreed at a total cost to the College of £100k.

Cash generated from operating activities

Net cash from operating activities increased from £728k last year to £2,067k this year. The increase of £1,339k was mainly attributable to a positive movement in working capital (creditors), more than offsetting the £588k increase in the current year's operating deficit.

Other significant movements in the year included payments to acquire fixed assets (as part of capital expenditure plan) of £1,378k. There were repayment of loans to the Higher Education Funding Council for Wales of £958k and Barclays Bank plc (including interest) of £496k.

Pensions

Significant movements in the value of the corporate bonds have materially increased the discounted value of our share of the deficit on the Rhondda Cynon Taff Pension Fund mainly that our provision, on an FRS102 basis has decreased from £9,725k to £2,709k.

4.2. Engaging with our stakeholders (section 172 (1) statement)

The Trustees (who are also Directors of The Royal Welsh College of Music and Drama Limited for the purposes of company law) have a duty to promote the success of the College for the benefit of its member having regards to the interests of our stakeholders, our students, our audiences, our employees, Higher Education Funding Council for Wales, our relationships with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of quality, care and business conduct.

All key Board decisions consider the impact on relevant stakeholders with a particular focus on providing a high quality service performance, outstanding community engagement, innovation, best practice in governance, workplace practices and responsible corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues and where these views may not align, the Board will take the best course of action to promote the company's long-term success**.**

Our students
Our students are at the heart of our business and operations. We aim to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential.

Employees, employee Involvement and Disabled Employees
The College's Strategic Equality Plan 2020-2025 includes a core objective to attract, retain and develop a diverse range of people to work for the College and to enable them to have access to open and transparent career development and progression. Applications for employment by disabled persons are always fully considered, taking into account the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives is regularly undertaken, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests.

Communication with all employees is undertaken through termly staff meetings and regular e-mails. In 2022/23 we plan to introduce further engagement with the introduction of staff surveys and follow these up with face to face sessions.

Staff members also have a Director on the Board of Directors.

Regulators
The College provided Higher Education services during the year. The College is a wholly owned subsidiary of USW who are regulated by the Higher Education Funding Council for Wales (HEFCW). HEFCW are the principal funding body from which the majority of the College grant income is received. The Group and hence the College work closely with HEFCW as part of the group funding arrangements. Regular qualitative and financial reports are submitted and the College's success is dependent on this open, robust and reciprocal relationship.

The College as a company and charity, also reports via Companies House and the Charity commission**.**

Suppliers
Our strong relationship with Suppliers ensures continuity of our operations and our ability to service our stakeholders to the highest possible standards. This includes suppliers of product and services across our education, public performance and venue and other commercial services. We treat our suppliers fairly and pay them within agreed timescales and always conduct ourselves professionally and to the highest possible standards. We work closely with our suppliers to ensure that they have effective controls in place to protect our students' (and stakeholders if applicable) health and safety and the security and privacy of their data.

Communities and environment
We play an active role in our communities, and we've outlined some of the highlights of the past year in section 6 of this report.

We recognise the global climate emergency and have joined the many organisations around the world calling for urgent action to tackle climate change. Specifically, we have pledged to get to carbon net zero by 2040 – sooner if we can – and in the coming year we will share a comprehensive carbon

roadmap for the College to explain the action we are taking to meet this pledge. We have also joined forces with the Race to Zero, underlining our commitment to a healthy and resilient zero carbon recovery.

4.3. **Energy and Carbon Reporting**

UK Greenhouse gas emissions and energy use data for the year to 31 July 2022:

	2021/22	**2020/21**
Energy consumption used to calculate emissions (kWh)	2,591,291	2,262,000
Scope 1: emissions in metric tonnes CO2e		
Gas consumption	262	268
Own transport	8	7
Scope 2: emissions in metric tonnes CO2e		
Purchased electricity	219	232
Scope 3: emissions in metric tonnes CO2e		
Own transport	16	14
Business travel in employee owned vehicles	24	22
Total gross emissions - Metric tonnes CO2e	529	543
Intensity ratio – tonnes CO2e per student	0.65	0.67

Qualification and reporting methodology
We have followed the 2019 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's conversion factors for Company Reporting.

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes Co2e per student, the recommended ratio for the sector.

Measures taken to improve energy efficiency

Since 2018, all of the College's electricity has been sourced from green renewable sources and more than 75% of the conventional lighting installations have been replaced with LED. In 2021 the College commenced the replacement of the fleet's diesel fuel vehicles with hybrid versions. In Autumn 2022 the College is undertaking the installation of a 198Kw solar panel array on the roof of its North Road campus, it is expected that this will generate the majority of the base load of electricity across this campus.

4.4. **Principal risks and uncertainties**

The College has identified a number of high-level strategic risks that it monitors on a regular basis. These include:

Recruitment and retention of students
The College's strategic plan targets annual growth in its current level of undergraduate and postgraduate student numbers and overseas students while ensuring the quality of students remains high. The College has developed detailed actions together with a system of enhanced partnerships and an investment strategy to support these plans. Strong controls are in place which include oversight by the Executive and close working and alignments of academic and marketing teams.

Fundraising
Support from Trusts and Foundations, public funders, businesses and individuals continues to be essential to offering students new training and performance opportunities and ensuring the most talented young artists are able to afford the cost of training. At the start of this year, a new fundraising campaign, *Promise,* was launched to increase income from the private sector to support critical investment plans. At this halfway point, we anticipate that the original goal – to raise £5 million across two academic years – will be met. The ambition of the campaign, and the strategy behind it, inspired the Mosawi Foundation to donate the first lead gift to Promise, representing the largest single philanthropic gift received in the College's history.

Income generation
Income from commercial activities has increased steadily since the cautious reintroduction of activities from September 2021 onwards. The response of our regular, loyal commercial customers and audiences was positive and gave the Trustees confidence that physical attendances and hence income were showing signs of steady and sustained recovery (on the basis that COVID-19 restrictions wouldn't return). Further confidence has now been regained with a strong, near capacity schedule during the 2022 summer months, in particular on the facility hire and events where focus is now on driving those commercial income streams back towards the pre pandemic levels.

4.5. **Directors Report**

Directors
The Directors who served during the year are set out in Section 3 of these financial statements.

4.6. **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2022 (2021 – nil).

4.7. **Going concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts the Board are of the opinion that, taking account of severe but plausible downsides, the College will have sufficient funds through funding from its immediate parent, University of South Wales, if required, to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period).

Amendments to the Barclays Bank plc loan covenants were agreed this year. The revisions related to certain financial performance covenants attached to the secured loan and the new covenants were formalised into a legally binding arrangement with Barclays in January 2022. On the basis of the aforementioned forecasts, these amended covenants will facilitate the College to continue to operate for the foreseeable future, based on the current forecasts, without breaching these revised performance conditions.

Consequently, the Board are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

4.8. **Statement of Corporate Governance and Internal Control**

Commitment to Best Practice in Governance

The College strives for governance to be undertaken in an open and accountable manner and aims to comply with best practice within the higher education sector. This summary describes how the relevant principles of corporate governance are applied to the College.

The Board of Directors of the Royal Welsh College of Music & Drama Ltd is responsible to the Board of the University of South Wales which is the sole 'member' of the College. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College except insofar as the College has its own arrangements.

The Board of Directors carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The directors discharge this responsibility through the following elements:

- Effective review by the College board and relevant committees and Audit.
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems.
- An effective internal and external audit function.
- The identification and management of risk embedded in all business systems
- Regard for the Committee of University Chairs Code of Governance.

The College's approach for the effective management of risk is set out below:

- A focus on the active management of risk as an integral part of the management process within every part of the organisation.
- Clearly identifying risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the College's reputation, its financial position or its day-to-day operations or any combination thereof.

- Actively encouraging all managers to consider risk implications of each major decision, contract or project as a normal part of their day-to-day work.
- Integrating risk management into the annual planning process which is how the Executive determine and co-ordinate the College's activities.
- The Principal and the senior management team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the College's risk register.
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Principal and the senior management team work with the College managers and their teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks.
- The risk register identifies significant risks and contains details of:
  - the nature of the risk
  - its potential impact
  - the likelihood of the risk crystallising
  - the 'owner' of the risk
  - the control processes which manage the risk
- The College Board has agreed with its internal auditors' that their programme of work and the approach to internal control will be risk based: this includes business, operational and compliance risks as well as financial risk
- The University of South Wales' Audit Committee regularly reviews the adequacy of the process of risk management at the College as it continues to be developed

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2022 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

Board of Directors and its sub committees

The Board of Directors met four times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the Company are formally received by the University of South Wales' Audit Committee which meets four times per year and acts as the College Board's Audit Committee. The 2021/22 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2021/22.

4.9. **Statement of disclosure of information to auditors**

In the case of each Director in office at the date the Directors' Report is approved, the following applies;

(a) so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

4.10. **Directors' indemnities**

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors'. This was also in force at the date of approval of the annual report and financial statements.

4.11. **Independent Auditors**

The auditors, KPMG LLP, were appointed in May 2020 and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a future meeting of the Board.

By order of the board



W D Callaway
Company Secretary

30 November 2022

5. Statement of Directors' responsibilities in respect of the Trustees' Annual Report and the financial statements

The directors are responsible for preparing the Trustees' Annual 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 charitable company and of the income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6. Objectives and activities for the public benefit

6.1. Charitable Objectives

The College promotes the advancement of education and learning for the public benefit, specifically the training of performers and others in music, drama and theatre, through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications. It also provides, maintains and improves performance facilities for the benefit of the local community.

Through the provision of high-quality training, the College seeks to produce graduates who are articulate and innovative in their art forms, and to provide the music and theatre industries with a highly skilled workforce, able to represent Wales on the world stage. The College makes a significant contribution to the cultural and artistic life of Wales and beyond.

6.2. Fulfilment of Charitable Objectives

Beneficiaries:
The College has a higher education student population of 810 students of whom 82% are Home/EU and 18% from Overseas. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. Other beneficiaries extend to younger students (from the age of four upwards) as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The general public attend over 500 public performances a year including free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:
The College seeks to recruit the most able and talented students, as well as those who exhibit exceptional potential irrespective of background. The College's Strategic Equality Plan 2020-2025 includes a core objective "to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential". Within its undergraduate programmes demand for places is high and is normally conducted by audition interview or portfolio submission.

6.3. Public Benefit Statement

Bursaries, scholarships and funding support:
To support students who experience financial hardship, the College makes available financial support through bursaries and philanthropic donations received from external sources.

A high percentage of students enrolled on the College's junior music and young actor programmes are in receipt of bursary support to enable them to access the College's tuition, regardless of financial need. The College sources this bursary support from a combination of public funds, trusts, foundations, businesses and philanthropic donors.

Our bursary scheme (launched in September 2021) provides financial support to all incoming UK undergraduates with household income below £30,000 a year and provides first year students with financial assistance of either £800 or £1,200 according to their level of need. Across the whole scheme, in 2021/22, 48 students received bursaries, equating to more than a quarter of the new intake of undergraduate students with 27 students receiving the highest level of support. In a survey of our bursary recipients, 100% said that the Bursary Fund helped relieve financial pressure during their studies and a further 57% said it was a factor in taking up their place at the College.

This scheme was made possible with support from a number of individuals, businesses and trusts, most notably the Mosawi Foundation and the Clive Richards Foundation.

Our scholarship policy provides means-tested support for students with protected characteristics, with particular emphasis on ethnic diversity and disability, students in financial need and Welsh domiciled students. There are also a limited number of scholarships which are offered as a means of attracting the most gifted students and in order to achieve balanced cohorts of students to enable training in recognised core ensembles.

Development and fundraising:

The College employs a professional fundraising team to secure income from individuals, businesses, trusts and foundations, and fundraising events, to help support core funds, scholarships and bursaries, and other restricted projects. The College is registered with the Fundraising Regulator and is therefore required to note in this report that no complaints have been received during the year in relation to fundraising. Across all fundraising activity, the College adheres to The Code of Fundraising Practice, including the guidance in relation to vulnerable donors.

Over £1.6 million was raised during the period from fundraised income – an increase of 25% on the previous year. As part of our Promise strategy, raising funds for scholarships and bursaries continues to be a priority to enable wider access and, in doing so, to ensure greater diversity in our student community. New scholarships were committed from the Peters Saunders Trust, the Gaynor Cemlyn Jones Trust and a new partnership was formed with S4C to support Welsh language students in the Young Actors Studio and on the BA Acting programme. Support for scholarships continues from The Leverhulme Trust, Bad Wolf, the Andrew Lloyd Webber Foundation, the Spielman Trust, the Simon Gibson Charitable Trust and the Helen Rachel Mackaness Charitable Trust, as well as from a number of philanthropic individuals.

This year support was received from the Arts Council of Wales from the Connect & Flourish Scheme and a grant was awarded from the third round of the Cultural Recovery Fund in order to continue the public programme against the backdrop of continued disruption and reduced box office income as a result of COVID-19.

The College's regular giving programmes – *Connect* and The Chairs' Circle – continue to provide important unrestricted income and many individuals offered financial assistance for the development of the new postgraduate Opera 360 course, due to launch in September 2023. A substantial legacy gift was received from the Estate of Eira Halley to provide scholarships and bursaries for our under 18 College students.

The College would like to reiterate its thanks to all of the many individuals, businesses and charitable trusts that have supported scholarships, bursaries, special projects, prizes and other College and student activities during the period. A full list of supporters can be viewed on the College website: https://www.rwcmd.ac.uk/support-us/thank-you.

Widening Participation

A main vehicle for the delivery of the College's widening participation activity is its junior training programmes for young musicians, actors and production artists, as well as an extensive community engagement programme that includes an annual series of schools' workshops, a community lesson scheme and a series of accessible workshops delivered both in college and in the community.

The Junior Conservatoire had a successful year in 2021/22. Despite the challenging circumstances the pandemic had presented, student numbers increased again with over 200 students from Wales and England across the three main courses (Mini Music, Music First and Advanced Course).

Bursary funding totalling £88,500 was allocated to families in need of financial support and there continues to be a high demand for this funding which we expect to increase in line with the rise in cost of living. In addition to bursaries, the department allocated scholarships totalling £19,000 to students demonstrating exceptional talent and potential.

Free online auditions which were started during lockdown and proved popular and effective continued to be offered to all new applicants and the department was able to utilise online tools developed during the pandemic, including the VLE platform **open.rwcmd.ac.uk**, to provide learning resources and share key information with students and staff.

Six Junior Conservatoire students enrolled on the BMus course at RWCMD in September 2021 and other leavers went on to study at conservatoires and universities across the UK. The year-on-year retention rate for existing Junior students remains high, despite the financial challenges currently facing many families.

The Young Actors Studio began the year returning to face to face teaching in all classes in both Cardiff and Pembrokeshire centres. We also worked hard to reinstate partnerships and continue with a number of projects that we had developed throughout the year.

At the end of the academic year 2019/20 we introduced a 'pilot term' for younger age groups, introducing a Junior Theatre Workshop section of the school catering for young actors between seven and eleven years old. This was very successful with two groups continuing in the new term September 2021.

We saw a rise in the number of students attending our eleven to sixteen year age groups with a slight fall in our post sixteen groups.

We completed a collaboration with Arts in Business and a number of schools and community arts organisations in west Wales. The 'Re-emerge' project was carried out with the support of a current MA Arts Management student and critically acclaimed playwright, Meredydd Barker. The project worked with over 80 young people across the region.

Links with other organisations have also been continued with outreach work being undertaken with Merthyr College, Llandrillo Manai College (North Wales), Coleg Sirgar and Gower College Swansea.

Young Peoples Production Arts (YPPA) have continued to undertake vacation-based work and some summer school activity. These have included workshops in Costume & Make, Masks and Props and Technical theatre.

A very successful summer school took place over the school holidays with approximately 30 young people attending design and technical theatre-based activities.

Community Engagement

The College's Outreach programme had a busy year, delivering 65 workshops, events and concerts which reached approximately 2,000 participants. In the spring term, BMus year 2 undergraduate students, supported by their tutors, delivered music workshops in 11 schools across Cardiff. This was followed by the Schools Opera project which delivered workshops to key stage 2 students in 10 schools across Merthyr as part of the First Campus Creative Pathways Merthyr project. This project was significantly enabled by means of a partnership with Merthyr Music Services. Other Outreach projects included a Jazz Winter Carols tour of local schools delivered in December 2021, Workshop Leadership Skills for BMus year 4 students in February and March 2022 and Jazz Teaching Skills workshops in April and May 2022.

This is part of a longer term plan to focus community activity as a major part of the student learning experience, aimed at an holistic training approach for future graduates. As part of this ethos, the College will create 40 music residencies across communities in Wales by 2025.

Around 40% of community outreach was funded through First Campus activity, the HEFCW-funded programme aimed at widening access and targeting those in the lowest areas of deprivation.

During the year, our Directors of Music and Drama also toured secondary schools across Wales, targeting those in more deprived areas, where they had personal links.

Independent auditor's report to the members of the Royal Welsh College of Music and Drama Limited

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the charitable company") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the company's high-level policies and procedures to prevent and detect fraud and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual postings to cash and journals posted following the period end.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), charities legislation, distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

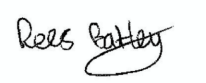
Auditor's responsibilities

Our 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rees Batley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

30 November 2022

Statement of Comprehensive Income and Expenditure
for the Year Ended 31 July 2022

	Notes	**2022**	2021
		£'000	£'000
Income			
Tuition fees and education contracts	3	**9,730**	8,983
Funding body grants	4	**3,892**	3,998
Other income	5	**1,276**	1,123
Investment income	6	**65**	94
Total income before endowments and donations		**14,963**	14,198
Donations and endowments	7	**1,674**	1,051
Total income		**16,637**	15,249
Expenditure			
Staff costs	8	**9,578**	9,642
Other operating expenses		**7,103**	5,116
Depreciation	11	**942**	937
Interest and other finance costs	9	**495**	444
Total expenditure		**18,118**	16,139
(Deficit)/Surplus before other gains and losses		**(1,481)**	**(890)**
Gain on disposal of fixed assets		2	0
(Loss) / Gain on investments	17	**(106)**	345
(Deficit)/Surplus for the year		**(1,585)**	**(545)**
Actuarial gain in respect of pension schemes	23	**8,206**	66
Total comprehensive income/(expenditure) for the year		**6,621**	**(479)**
Represented by:			
Endowment comprehensive (expenditure) / income for the year		**(36)**	365
Restricted comprehensive income for the year		**98**	77
Unrestricted comprehensive income/(expenditure) for the year		**6,559**	(921)
		6,621	**(479)**

All items of income and expenditure relate to continuing activities

Statement of Changes in Reserves
for the year ended 31 July 2022

	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2021	**2,840**	**1,403**	**1,291**	**1,819**	**7,354**
Surplus/(Deficit) for the year	**(36)**	**98**	**(1,647)**	**0**	**(1,585)**
Other comprehensive income	0	0	**8,206**	0	**8,206**
Balance at 31 July 2022	**2,804**	**1,501**	**7,848**	**1,819**	**13,975**

Balance Sheet
as at 31 July 2022
(Company Registration: 06013744)

	Notes	2022	2021
		£'000	£'000
Non-current assets			
Tangible assets	11	**24,664**	24,415
Heritage assets	11	**500**	500
Other	11	**135**	135
		25,299	25,050
Current assets			
Stock		**10**	0
Trade and other receivables	12	**330**	146
Investments	13	**7,449**	8,189
Cash and cash equivalents	19	**1,453**	1,367
		9,242	9,702
Creditors: amounts falling due within one year	14	**(4,932)**	(3,565)
Net current assets		**4,310**	6,137
Total assets less current liabilities		**29,609**	31,187
Creditors: amounts falling due after more than one year	15	**(12,890)**	(14,061)
Provisions			
Pension provisions	16	**(2,555)**	(9,539)
Other provisions	16	**(189)**	(234)
Total net assets		**13,975**	7,353
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	**2,805**	2,840
Income and expenditure reserve - restricted reserve	18	**1,501**	1,403
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		**7,849**	1,290
Revaluation reserve		**1,819**	1,819
		13,974	7,352
Share Capital		**1**	1
Total Reserves		**13,975**	7,353

The financial statements on pages 28 to 47 were approved by the Board on 30 November 2022 and signed on its behalf by:



John Derrick
Chair of Board of Governors

Cash Flow Statement
for the year ended 31 July 2022

	Note	**2022**	2021
		£'000	£'000
Cash flow from operating activities			
Deficit before other gains and losses		**(1,481)**	(890)
Adjustment for non-cash items			
Depreciation	11	**942**	937
(Gain)/Loss on investments		**(106)**	345
Profit on disposal of fixed assets		**2**	0
(Increase) / Decrease in debtors	12	**(184)**	65
(Increase) / Decrease in stock	12	**(10)**	0
Increase / (Decrease) in creditors	14, 15	**1,032**	(663)
LGPS Pension costs less contributions payable		**1,190**	955
Capital grant income	14	**(311)**	(286)
Adjustment for investing or financing activities			
Interest payable	9	**336**	320
Endowment capital		**(48)**	(3)
Net cash inflow from operating activities		**1,363**	779
Cash flows from investing activities			
Movement in Investments		**741**	(306)
Payments made to acquire fixed assets	11	**(1,192)**	(434)
New deposits		**48**	3
		(404)	(737)
Cash flows from financing activities			
Interest paid		**(336)**	(320)
Deferred grant received in the year		**593**	357
Repayments of amounts borrowed		**(1,131)**	(1,456)
		(873)	(1,419)
Increase/(Decrease) in cash and cash equivalents in the year		**86**	(1,375)
Cash and cash equivalents at beginning of the year	19	**1,367**	2,742
Cash and cash equivalents at end of the year	19	**1,453**	1,367
Movement		**86**	(1,375)

Analysis of changes in net debt	As at 1 Aug 2021	Cashflows	Other Changes	**As at 31 Jul 2022**
	£'000	£'000	£'000	**£'000**
Cash at bank and in hand	**1,367**	**86**	**0**	**1,453**
Debt due within one year	**(1,131)**	**1,131**	**(1,347)**	**(1,347)**
Debt due within more than one year	**(6,916)**	**0**	**1,347**	**(5,569)**
	(6,680)	**1,216**	**0**	**(5,463)**

Notes to the financial statements for the year ended 31 July 2022

1 Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of endowment investments, in accordance with the Companies Act 2006, as adapted to the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). The principal accounting policies are set out below and have been applied consistently throughout the year.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes to the accounts.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts, the Board are of the opinion that, taking account of severe but plausible downsides, including any future continuing impacts of the covid pandemic, the College will have sufficient funds through funding from its immediate parent, University of South Wales, if required, to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period). Furthermore, the parent company has provided a written letter of support to guarantee funding, if required, during this period.

During the year, the directors finalised amendments to certain financial performance covenants attached to the Barclays Bank secured loan. The amended covenants now form a new legally binding arrangement with Barclays. The Directors have recently reviewed updated forecasts and projections and are satisfied that the College is able to continue to operate without breaching any of these conditions.

Consequently, the Board are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies

Income recognition

Income from tuition fees is recognised over the period in which students are studying and includes all fees chargeable to students or their sponsors. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of any discount.

Income from the sales of goods and services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Grant Funding

Government grants, including funding council block grant, are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are three main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted permanent endowments – the donor has specified that the fund is be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset under the accruals method. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance conditions being met.

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies (continued)

Accounting for retirement benefits

The two principal pension schemes for the College's staff are the Teachers' Pension Scheme (TPS) and Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded.

It is not possible to identify each institution's share of the underlying liabilities in relation to the TPS and hence, contributions to the scheme are accounted for as if this was a defined contribution scheme, the cost recognised within the income statement being equal to the contributions payable to the scheme for the period.

Employment Benefits

Short term employment benefit such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Early Retirement Provision

The Company maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement.

Provisions are established and the associated costs are charged to the income and expenditure account when the College has a legal or constructive obligation. The provision relates to enhanced teachers' unfunded pension arrangements established by the College. These are termination benefits made on a discretionary basis upon early retirement, in respect of the Teachers Pension Scheme.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Tangible Fixed Assets

Tangible fixed assets are initially recorded at purchase cost, including non recoverable VAT, incidental costs of acquisition, less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life, as stated below. Depreciation is charged for a full year within the year that the asset becomes available for use.

All fixed assets are reviewed for indicators of impairment at each balance sheet date.

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies (continued)

Land and buildings

Land and buildings inherited from Royal Welsh College of Music and Drama Higher Education Corporation are stated in the balance sheet at their net book value on transfer.

As at 1 August 2014 asset lives were reassessed and revised depreciation rates applied to the net book value as at that date. The original Raymond Edwards building is being depreciated over 35 years, with the additional facilities being depreciated over 50 years, which is the expected remaining useful economic life.

Land has been revalued to fair value on transition to the 2015 Further and Higher Education SORP, resulting in a revaluation reserve of £1,819,000. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

Long leasehold buildings are depreciated over the shorter of the lease term and expected useful life.

Buildings under construction are capitalised at cost. Interest on loans used to fund capital projects is capitalised until such projects are brought into use. No depreciation is charged, until the year in which buildings under construction are brought into use.

Fixtures, fittings and plant and machinery

Equipment costing less than de minimis of £1,000 per individual item, is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost, including non recoverable VAT, and is depreciated over its expected useful life, as follows:

Fixtures and fittings	- 7 years straight line
Plant and machinery	- between 3-10 years straight line

Heritage Assets

Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets acquired since College formation have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations. In subsequent periods, heritage assets are held at cost less any identified impairment.

Information on the valuation of Heritage assets is set out in note 11.

Notes to the financial statements for the year ended 31 July 2022

2 Accounting policies (continued)

Investments

Investments are held at fair value with movements recognised in income and expenditure.

Cash

Cash includes cash in hand and cash equivalents.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

The College is a charity registered with the Charity Commission number 1139282 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

Loans

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Notes to the financial statements
for the year ended 31 July 2022

			2022	2021
3	**Tuition fees and education contracts**	Notes	**£'000**	£'000
	Full-time home students		**6,554**	6,594
	Full-time international students		**2,522**	1,788
	Short Course Fees		**654**	601
			9,730	8,983

		2022	2021
4	**Funding body grants**	**£'000**	£'000
	Higher Education Funding Council	**3,615**	3,746
	Amortisation of Deferred Capital grant	**277**	251
		3,892	3,997

		2022	2021
5	**Other income**	**£'000**	£'000
	Catering	**473**	115
	Other capital grants	**34**	34
	Other income	**769**	974
		1,276	1,123

			2022	2021
6	**Investment income**		**£'000**	£'000
	Investment income on endowments	17	**64**	62
	Other investment income		**1**	32
			65	94

			2022	2021
7	**Donations and endowments**		**£'000**	£'000
	New endowments	17	**48**	3
	Donations with restrictions		**924**	672
	Unrestricted donations		**702**	375
			1,674	1,050

Notes to the financial statements
for the year ended 31 July 2022

8 Staff costs

	2022	2021
Staff Costs	**£'000**	£'000
Salaries	**6,698**	6,944
Social security costs	**617**	614
Other pension costs	**2,263**	2,084
Total	**9,578**	9,642

In addition to the amounts shown above, the College was charged £1,100k (2021: £23k) for services provided by PSS*. These costs are reported in other operating expenses in the Statement of Comprehensive Income and Expenditure

**Professional and Support Services Limited ("PSS") is a wholly owned subsidiary of the University of South Wales and provides professional and support services to RWCMD*

Remuneration of directors and higher paid employees

	2022	2021
(a) Directors	**£'000**	£'000
Salary	**211**	222
Benefits	**2**	3
Pension contributions to LGPS	**38**	37
	251	262

(b) Higher paid employees	**2022**	2021
Emoluments of the Principal:	**£'000**	£'000
Salary	**162**	152
Benefits	**2**	3
Pension contributions to LGPS	**27**	25
	191	180

Remuneration of the Principal of the College expressed as

	2022	2021
Basic salary as a multiple of the median basic salary of all staff	**4.88**	4.63
Total remuneration as a multiple of the median total remuneration to all staff	**4.94**	4.92

Number of full time equivalent staff during the year by major category, including senior post-holders

	2022	2021
Academic	**108**	100
Other	**66**	81
	174	181

In addition to the above, the numbers of full time equivalent staff employed by PSS and providing services during the year to RWCMD by major category

	2022	2021
Academic	**11**	0
Other	**22**	1
	33	1

Average headcount equivalent staff numbers by major category, including senior post-holders

	2022	2021
Academic	**259**	231
Other	**120**	154
	379	385

Average headcount of staff employed by PSS and providing services during the year to RWCMD was 99 (2021: 1)

Trustee expenses and related party transactions

The College's Board members are the Trustees for charitable law purposes.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year.

The total expenses paid to or on behalf of Trustees was £Nil (2021 - £Nil)

9 Interest and other finance costs	**2022 £'000**	2021 £'000
Loan interest	**336**	320
Net charge on pension scheme (see note 23)	**159**	125
	495	445

10 Analysis of total expenditure by activity	**2022 £'000**	2021 £'000
Academic and related expenditure	**10,600**	9,428
Administration and central services	**3,751**	3,139
Premises	**2,326**	2,144
Residences, catering and conferences	**230**	243
Other expenses	**1,212**	1,183
	18,119	16,137

Other operating expenses included:

	2022 £'000	2021 £'000
External auditor's remuneration in respect of audit services	**24**	23
External auditor's remuneration in respect of non audit services	**5**	5
Operating lease rentals - other	**167**	**158**

Notes to the financial statements
for the year ended 31 July 2022

11 Tangible Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2021	27,893	2,318	4,504	1,520	36,235
Additions	0	0	1,154	38	1,192
Disposals	0	0	(1,421)	(97)	(1,518)
At 31 July 2022	**27,893**	**2,318**	**4,237**	**1,461**	**35,909**
Accumulated depreciation					
At 1 August 2021	5,675	1,292	3,714	1,139	11,820
Charge for the year	469	21	360	93	943
Disposals	0	0	(1,421)	(97)	(1,518)
At 31 July 2022	**6,144**	**1,313**	**2,653**	**1,135**	**11,245**
Net book value					
At 31 July 2022	**21,749**	**1,005**	**1,584**	**326**	**24,664**
At 31 July 2021	22,218	1,026	790	381	24,415

Included in the net book value of fixed assets is aggregated interest capitalised of £282k (2021 - £290k).

During the year a review of the fixed asset register was carried out and the historical cost and accumulated depreciation for assets that had been disposed of, were removed from the register.

Heritage Assets

	Heritage Assets	Total
	£'000	£'000
Cost		
At 1 August 2021	500	500
At 31 July 2022	**500**	**500**

The heritage assets relate to the Foyle Opera RaRa Collection. This is a special collection comprising mainly 19th century operatic scores and manuscripts with associated artwork and archives. It was purchased from Opera Rara in 2018 with a grant from the Foyle Foundation.

The College aims to maintain the condition of the collection by housing it within a designated and managed area. Items from the collection will be on public display in various temporary exhibitions. The College is currently in the process of cataloguing the collection.

Other Assets

The College has placed a £135,000 bond payment as security against the 20 year lease of its workshop in North Cardiff.

12 Trade and other receivables

	2022	2021
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	**265**	37
Other receivables	**6**	4
Prepayments and accrued income	**59**	75
Amounts due from parent undertaking	**0**	30
	330	146

The amounts due from parent undertaking are interest free and repayable on demand.

13 Investments

	2022	2021
	£'000	£'000
Short term investment in shares	**2,338**	2,219
Short term bonds	**5,111**	5,971
	7,449	8,190

14 Creditors : amounts falling due within one year

		2022	2021
		£'000	£'000
Secured loans		**180**	173
Unsecured loans	15	**1,167**	958
Amounts owed to parent undertaking	22	**137**	10
Other creditors		**501**	340
Trade payables		**0**	77
Social security and other taxation payable		**111**	118
Accruals and deferred income		**2,836**	1,890
		4,932	3,566

The Unsecured Loan is a public benefit entity concessionary loan.
The amounts owed to parent undertaking are interest free and repayable on demand.

Deferred income

Accruals and deferred income include other income which has been deferred until specific performance related conditions have been met and deferred capital grants, which are released on a consistent basis over the useful lives of the related assets.

	2022	2021
	£'000	£'000
Other income	**228**	314
Deferred capital grants (see notes 4 and 5)	**311**	286
	539	600

Notes to the financial statements
for the year ended 31 July 2022

15 Creditors : amounts falling due after more than one year

	2022	2021
	£'000	£'000
Deferred capital grant	**7,321**	7,145
Secured loans	**5,569**	5,749
Unsecured loan	**0**	1,167
	12,890	14,061

Analysis of secured and unsecured loans:

	2022	2021
	£'000	£'000
Due within one year or on demand (Note 14)	**1,347**	1,131
Due between one and two years	**192**	1,347
Due between two and five years	**634**	603
Due in five years or more	**4,743**	4,966
Due after more than one year	**5,569**	6,916
Total secured and unsecured loans	**6,916**	8,047
Secured loan repayable by 2041*	**5,749**	5,922
Unsecured loan repayable by 2023	**1,167**	2,125
	6,916	8,047

Included within the total balance above is the following due in more than two years

	Interest	Repayment	Term	2022 **£'000**	2021 £'000
Barclays Bank					
All tranches	6.33%	Quarterly	33 years (to 2041)	**5,378**	5,569

* The interest rate on the secured loan is fixed at 6.33% until August 2024 and then reverts to 5.34% for the remaining term of the loan

* The terms of the secured loan agreement provides that the Bank may require the College to grant a charge on the land and buildings owned by the College if certain covenants are breached.
There is no charge currently registered in this regard and the Directors do not consider it likely that any charge will be required in the 12 months from the date of approval of the financial statements.

16 Provisions for liabilities

		Pension scheme provision under FRS102	Defined Benefit Enhanced Provision	Other Provisions	Total
		£'000	**£'000**	**£'000**	**£'000**
At 1 August 2020		9,539	186	48	**9,773**
Reduction in year		0	(32)	(13)	**(45)**
Reduction in year	(see note 23)	(6,984)	0	0	**(6,984)**
At 31 July 2022		**2,555**	**154**	**35**	**2,744**

Other Provisions includes future dilapidation remedial works on College rented properties.

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2022 Total	Year to 31 July 2021 Total
	£'000	£'000	£'000	£'000
Opening Balances				
Capital	403	2,174	**2,577**	2,228
Accumulated income	74	190	**264**	247
	477	2,364	**2,840**	2,475
New endowments	-	48	**48**	3
Investment income	10	54	**64**	62
Expenditure	(8)	(34)	**(42)**	(45)
Decrease in market value of investments	(17)	(89)	**(106)**	345
Total endowment comprehensive income for the year	(15)	(21)	**(36)**	365
Closing Balances	462	2,343	**2,805**	2,840
Represented by:				
Capital	386	2,133	**2,519**	2,577
Accumulated income	76	210	**286**	264
	462	2,343	**2,805**	2,840
Analysis by type of purpose:				
Scholarships and prize funds	462	2,343	**2,805**	2,840
	462	2,343	**2,805**	2,840
Analysis by asset				
Current asset investments			2,583	2,689
Cash and cash equivalents			222	152
			2,805	2,840

18 Restricted Reserves

Reserves with restrictions are as follows:

	Year to 31 July 2022 Total	Year to 31 July 2021 Total
	£'000	£'000
Opening Balances	1,404	1,327
New donations	672	671
Expenditure	(575)	(594)
Total restricted comprehensive income for the year	**97**	77
Closing balances	**1,501**	1,404

18 Restricted Reserves (continued)

	2022	2021
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and prize funds	**596**	583
Specific projects	**46**	53
Other	**30**	35
	672	671

19 Cash and cash equivalents

	At 1 August 2021	**Cash Flows**	**At 31 July 2022**
	£'000	**£'000**	**£'000**
Cash and cash equivalents	1,367	**85**	1,453
	1,367	**85**	**1,453**

20 Lease obligations

Total rentals payable under operating leases:

	2022	2021
	£'000	£'000
Payable during the year	**167**	158
Future minimum lease payments due:		
Not later than 1 year	**172**	167
Later than 1 year and not later than 5 years	**742**	720
Later than 5 years	**3,150**	3,275
Total lease payments due	**4,064**	4,162

21 Related Parties

As the College is a wholly owned subsidiary of the University of South Wales, the College has taken advantage of the exemption contained in FRS102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the Group qualifying as related parties).

There are no other related party transactions to be reported.

22 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is the University of South Wales, a Higher Education Corporation established under the Education Reform Act 1988. The results of the Company have been incorporated in the University of South Wales' consolidated financial statements, which forms the largest and smallest group for which the Company's financial statements are consolidated, copies of which can be obtained from the following address:

University of South Wales
Pontypridd
Rhondda Cynon Taff
CF37 1DL

23 Pension Schemes

The College participates in two pension schemes, the Rhondda Cynon Taff Pension Funds (RCTPF), a local government pension scheme for non academic staff and the Teachers' Pension Scheme (TPS) for academic staff.

Teachers' Pension Scheme
TPS is a statutory contributory final salary scheme administered by the Teachers' Pensions on behalf of the Department of Education. Under the TPS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary's Department (GAD), using normal actuarial principles conducts an actuarial review of the TPA.

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

Latest actuarial valuation 31 March 2016

Valuation of the assets at date of last valuation £196.1 million (estimated future contributions together with notional investments held at 31 March 2016).

The contribution rate increased from 16.48% to 23.68% on 1 September 2019.

Under the definitions set out in Financial Reporting Standard 102 (FRS102) the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets of the scheme.

Accordingly the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out the above information available on the deficit in the scheme and the implications in terms of the anticipated contributions rates.

Rhondda Cynon Taff Pension Scheme
The scheme is a defined benefit occupational pension scheme. Pre April 2014 benefits are linked to final pensionable salary and service at date of retirement (or date of leaving the scheme if earlier), post March 2014 benefits accrue on a Career Average Revalued Earnings (CARE) basis.

The scheme is valued every three years, the latest being undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2019.

Assumptions
The financial assumptions used to calculate scheme liabilities under FRS102 are:

	2022	2021
	% pa	% pa
Price Inflation (CPI)	2.75	2.90
Rate of increase in pensionable salaries	3.75	3.90
Discount rate/interest income on assets	3.50	1.65

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 24.2 years.

The most significant non-financial assunption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	2022		**2021**	
	Males	Females	Males	Females
Pensioner aged 65	21.4	23.8	21.3	23.7
Active member aged 65	21.9	24.9	21.8	24.9

23 Pension Schemes (continued)

The assets in the scheme are valued at fair value and comprise:

	2022	2021
	£'000	£'000
Equities	**11,007**	12,710
Government bonds	**1,968**	2,162
Corporate bonds	**2,158**	2,173
Property	**1,392**	1,133
Other	**70**	-
Cash	**95**	35
Total	**16,690**	18,213

Analysis of the amount shown in the balance sheet for LGPS pensions:

	2022	2021
	£'000	£'000
Scheme assets	**16,690**	18,211
Scheme liabilities	**(19,245)**	(27,750)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 16)	**(2,555)**	(9,539)

	2022	2021
	£'000	£'000
Current service cost	**1479**	1,293
Past service and administration charges	**14**	14
Total operating charge	**1,493**	1,307

Analysis of the amount charged to interest payable/credited to other finance income for LGPS pensions:

	2022	2021
	£'000	£'000
Interest cost	**460**	326
Expected return on assets	**(304)**	(204)
Net charge to other finance income	**156**	122
Payments to the Fund	**(447)**	(462)
Charge to Income and Expenditure Statement	**1,202**	966

Analysis of other comprehensive income for LGPS pensions:

	2022	2021
	£'000	£'000
(Losses) / Gains on assets	**(2,253)**	3,314
Experience Gain / (Loss) on liabilities	**10,438**	(3,241)
Experience Gain / (Loss) on liabilities (Enhanced Provision on Termination)	**20**	(7)
	8,205	66

23 Pension Schemes (continued)

History of experience gains and losses – LGPS pensions

	2022	2021	2020	2019	2018
Difference between actual and expected return on scheme assets:					
Amount (£m)	(2,253)	3,314	803	519	769
Experience losses/(gains) on scheme liabilities:					
Amount (£m)	10,438	(3,241)	(1,082)	(1,782)	214

	2022	2021
	£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial losses recognised at the start of the year	**2,872**	2,945
Cumulative actuarial (gains) / losses recognised at the end of the year	**(5,314)**	2,872

	2022	2021
	£'000	£'000
Analysis of movement in deficit for LGPS pension		
Deficit at beginning of year	**(9,538)**	(8,645)
Contributions or benefits paid by the College	**447**	462
Current service cost	**(1,479)**	(1,293)
Other finance charge	**(170)**	(136)
Actuarial gain recognised in other comprehensive income	**8,186**	73
Deficit at end of year	**(2,554)**	(9,538)

	2022	2021
	£'000	£'000
Analysis of movement in the present value of LGPS liabilities		
Present value of LGPS liabilities at the start of the year	**27,751**	22,111
Current service cost (net of member contributions)	**1,479**	1,293
Interest cost	**460**	326
Actual member contributions (including notional contributions)	**217**	226
Actuarial (gain) / loss	**(10,438)**	3,241
Net benefits paid	**(222)**	554
Past service costs	-	-
Present value of LGPS liabilities at the end of the year	**19,247**	27,751

	2022	2021
	£'000	£'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	**18,211**	13,465
Expected return on assets	**304**	204
Actuarial (loss) / gain on assets	**(2,253)**	3,314
Actual contributions paid by College	**447**	462
Actual member contributions (including notional contributions)	**217**	226
Net benefits paid	**(222)**	554
Administration expenses	**(14)**	(14)
	16,690	18,211

LGPS assets do not include any of the College's own financial instruments, or any property occupied by the College.

	2022	2021
	£'000	£'000
Actual return on Scheme assets		
Expected return on Scheme assets	**304**	274
Asset (loss) / gain	**(2,253)**	803
	(1,949)	1,077

Estimated contributions for LGPS in the Financial Year 2022-23 is £427k assuming 95% member take up.

ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

England & Wales - Charity number 1139282

Accounts

Royal Welsh College of Music and Drama Limited

Coleg Brenhinol Cerdd a Drama Cymru Cyfyngedig

Financial Statements and Annual Review
Year ended 31 July 2021

Registered Company number	06013744
Registered Charity number	1139282

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COMPANIES HOUSE

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1. Reference and administrative details

Charity name	Royal Welsh College of Music and Drama
Charity number	1139282
Company number	06013744

Chairman
Mr J Derrick

Secretary
Mr W Callaway

Principal address and registered office
Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors
External: KPMG LLP
3 Assembly Square,
Britannia Quay,
Cardiff,
CF10 4AX

Internal: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

2. Chair's report for the year ending 31 July 2021

As the Chair of the Royal Welsh College of Music and Drama Limited - the National Conservatoire of Wales - it is my privilege to provide an Annual Report of the activities of the College over the last year.

2.1. Introduction

When this reporting year began, the College was just months into the Covid 19 pandemic, after closing its doors in March 2020. During that short time of seismic change, every essential measure was put in place to ensure that students could complete that academic year, and then continue to learn in the best possible way in a blended form through the whole of the next academic year. What followed was an extraordinary achievement – a credit to the whole College community pulling together.

From the darkness of lockdown and the global pandemic, we pledged to emerge stronger and more ambitious than before, with a resolve to be a beacon of light for the future of the professional industries and for wider communities in Wales and beyond. That was our promise to the world.

Not a moment was wasted putting that pledge into action, adapting and innovating to ensure that students could continue with their training and learn to thrive within unknown futures. We owe heartfelt thanks to our supporters for helping us to achieve this.

We made sure we secured as much essential face-to-face training as possible, while keeping everyone safe. The College reimagined ways to deliver our courses, using digital technology to transform our student and audience offer, which meant not only did we all learn a lot, but our students developed extraordinary agility, resilience and industry-readiness. We also reached wider than ever before – from free distribution of concerts to care homes across Wales to brighten those dark days with music, to ticket purchases as far afield as the US, Canada and Korea. Together we truly broke new ground.

During this time - my fourth year as Chair - it has been a privilege to welcome Professor Uzo Iwobi OBE as a new Vice President of the College. A font of equalities wisdom, Uzo was previously International Chair of Diversity and is a constant source of inspiration and encouragement as the College continues its journey to truly be a space for everyone. I offer my continued thanks to our President, HRH The Prince of Wales, to Lord Rowe-Beddoe of Kilgetty, our Chairman Laureate and all my fellow Trustees for their active and committed dedication.

This year's Chair's Report tells the story of the College through the following main sections:

- 2.2 Key Facts about the College.
- 2.3 Vision, Strategy and Value.
- 2.4 Highlights of the Year.
- 2.5 Student Experience.

2.2. Key Facts about the College

Student Body

In 2020/21 the College had 807 students (2019/20: 817)

- 74% undergraduate and 26% postgraduate (2019/20: 73% and 27%)
- 75% from UK with 20% from Wales (2019/20: 82% and 22%)
- 19% from overseas countries outside the EU (2019/20: 11%)
- 6% from EU (2019/20: 7%)
- 56 different countries (2019/20: 50)
- 17% declared a disability (2019/20: 17% unchanged)
- 17% declared non-white ethnicity (2019/20: 19%)
- 12% declared Welsh speaker (2019/20: 12% unchanged)
- 95% retention rate (2019/20: 96%)
- 88% of graduating students achieved first-class or upper second-class awards (2019/20: 92%)

The Covid adaptations made this year for the student body continued to be significant. By Easter 2021, after staying open for face-to-face training and performance throughout the academic year, we took stock of some of these actions and impacts:

2.3. Vision, Strategy and Value

The College's vision is to change lives, transform and connect communities through the arts. The programmes of work for 2019-2024 are built on five strategic pillars:



The College uses the following resources to achieve these aims:

- income from students (£9.0m), Higher Education Funding Council for Wales (£4m), philanthropy and fundraising (£1.1m) and other sources (£1.1m)
- world class performance facilities such as the Dora Stoutzker Hall and Richard Burton Theatre
- highly qualified, committed and talented staff
- strong systems and processes
- an ambitious and creative community with a keen sense of values and identity

- productive partnerships and collaborations with leading industry organisations such as WNO, National Theatre and BBC.

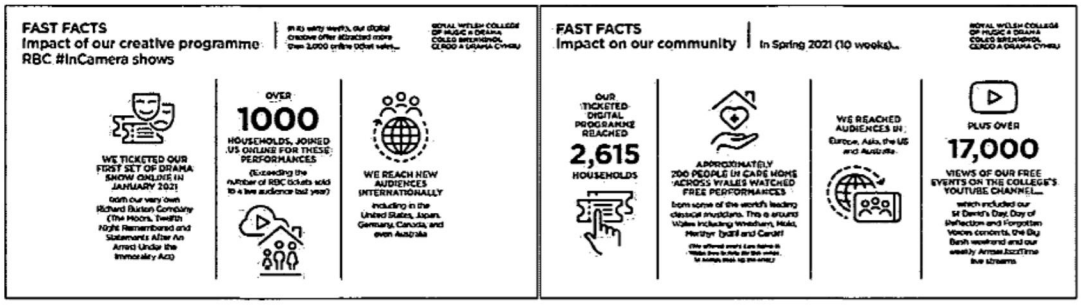
Making best use of these resources across the College community, RWCMD ensures knowledge, experience and opportunities to perform are provided to our students in order to provide a high-quality workforce to the creative industries in Wales, the UK and internationally. The deployment of the College's resources enhances the employability and professionalism of our students so that our alumni successfully carry our name and reputation across the industry.

2.4. Highlights of the Year

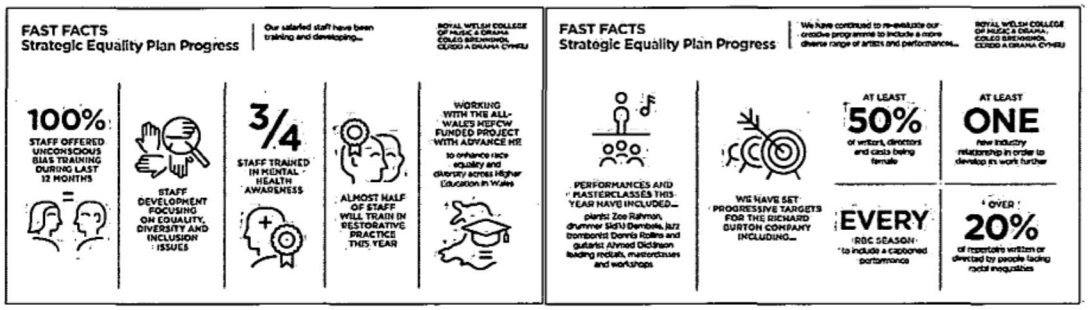
Although our doors were closed to audiences, the show did go on. The swift switch to digital proved an opportunity to rethink our offer and it meant that moments of live magic could be shared beyond our walls in new ways. These included Julia Plaut's *24 Pianos*, written and performed in celebration of the College's brand-new fleet of Steinway pianos, making the Royal Welsh College of Music and Drama the world's first Steinway-exclusive conservatoire. Performed on 24 pianos carefully positioned in the iconic Carne Foyer, it was a sight and sound to behold, and audiences unable to access the building applauded it from afar.

The digital imperative was also the catalyst for a shift in drama production, and this year saw the College's first *In Camera* season of short films. As well as ensuring directly relevant industry training experience for students, it broke new ground and set a high bar for future screen work.

Combining student excellence with the brilliance of visiting artists, we also launched an innovative and diverse creative programme. A stellar line-up of professional artists inspired students and online audiences alike and told us how much it meant to be able to perform at our uniquely placed venue during times when so many remained closed. It was also a real privilege to be able to share performances for free with care homes in Wales, to brighten an impossibly difficult time for all.



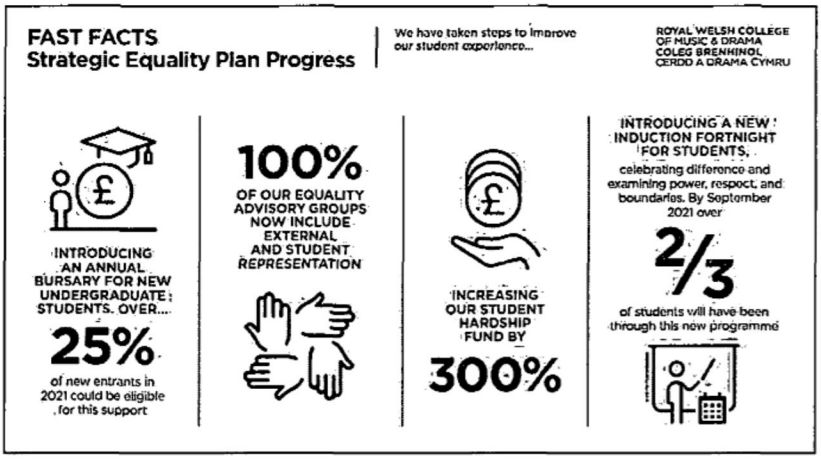
The College also implemented its new Strategic Equality Plan this year - including a new Anti-Racism Plan - and has already made good progress in a number of areas. There is much more to do, but the cross-College commitment to this work has given it strong foundations for the future. As well as reaching wider than ever before, we also diversified our audiences and set new targets for equality, diversity and inclusion through the creative programme – reflecting the College's ongoing commitment to this strategically important work.



2.5. Student Experience

130 of the 162 eligible students took part in the 2021 National Student Survey at RWCMD (80.24%), compared with 77.95% in 2020. This continues to measure well against participation rates across Wales, which saw 69.3% in 2021. Overall satisfaction has fallen from 73.74% in 2020 to 70.0% in 2021, with much of this decrease attributed to one course, where targeted action will now be implemented.

However, in Wales, overall satisfaction across the sector also fell in 2021 and the previous gap of over 10% between RWCMD and the Welsh average closed to 6 %. This is a marked achievement within the context of the global pandemic and subsequent impact on student learning experience. Most notably, the overall satisfaction in undergraduate music grew from 57.89% in 2020 to 63.86% 2021. This is encouraging and would seem to suggest that the action planning previously established in response to the NSS by the College is continuing to gain momentum.



2.6. Forward Look

At the April 2021 Board meeting, the Directors received and approved an updated financial strategy for the College for the next five years. This reflected on the impacts of Covid-19 but also included proposals to invest boldly so that we can secure future income growth and empower the College's advancement and a sustainable and flourishing future.

The approved new investment plan focuses on strengthening our core business and addresses key priorities over the next 18-24 months which include:

- Increasing our capacity to grow our degree programme/student community to achieve higher levels of sustainable income
- Introducing new market-tested courses considered to be vital for Wales, including a BA in Musical Theatre, a Foundation degree in Scenic Construction, an MA in Collaborative Performance, new areas in the BMus offer and specialisms in the Arts Management MA. We are also introducing Opera 360, a non-performing modular course, delivered largely online and with the potential to lead to an MA.
- Developing our working environment, culture and values. As well as finally investing in additional staff, this work includes progressing our strategy and agreed action plan to widen access and for Equality, Diversity and Inclusion, comprehensively covering student and staff recruitment, curriculum and pedagogies, creative programming, and how we engage proactively to develop relationships with more communities locally and across Wales.
- Growing our digital capacity to ensure that digital skills are embedded fully into our training for students where appropriate, and equally raising the College's profile and extending the new offer to audiences here and internationally
- Developing our Sustainability and Environmental policy in order to meet key commitments that include becoming carbon neutral by 2040 and making our 'Race to Zero' pledge ahead of the UN COP26 conference in November this year
- Expanding our campus, both to accommodate our greater student numbers and artistic output, and also to re-establish it as an important cultural, artistic and educational hub, re-vitalising the public realm in line with government recovery objectives.

2.7. Conclusion

In this most extraordinary year, it is remarkable that the College has managed to sustain a valuable student experience including daily face-to-face delivery, an impressive volume of productions and completion of all academic programmes as planned. The spirit of determination in building back stronger has been clear to witness, inspiring and powering innovation. Our audiences have stayed loyal and we have reached wider than ever before thanks to technology. As an influence in industry, we have led by example, sharing our knowledge to help others wherever we could and learning through collaboration.

I would like to thank the Principal and all our colleagues for this year, which will be remembered with mixed emotions by many. For RWCMD, through the darkest days of the pandemic, it was a year to be truly proud of.



John Derrick
Chair of Board of Governors
30 November 2021

3. Corporate structure, trustees and directors

The Royal Welsh College of Music and Drama is a limited company and a registered charity. It is governed by its Articles of Association.

The charity's registered address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282.

The members of the Board, listed below, are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

The existing directors and those who held office during the year and up to the date of signing the annual report and financial statements, are given below:

John Derrick (Chair)
Professor Helena Gaunt (Principal - ex officio)
Dr Ben Calvert (Vice Chancellor - ex officio, from 1 September 2021)
Professor Julie Lydon (Vice Chancellor - ex officio, resigned 31 August 2021)
Rebecca Mercer (Student President, from 16 August 2021)
Nia Thomas (Student President, resigned 31 July 2021)
Lucy Hall (nominee of College Staff, appointed 8 October 2020)
Jemma Terry (USW Board)
Natasha Hale
Manon Bonner Antoniazzi
Aled Miles
Mario Ferelli
Roger Munnings

4. Trustees Report (incorporating Strategic Report)

This report constitutes the Strategic Report and the Directors' report required under the Companies Act 2006. The Directors confirm that the financial statements for the year ended 31 July 2021 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

4.1. Strategic report

Financial Review

Principal activities

The College's principal activity continues to be the delivery of conservatoire education and professional training. In addition the College activities includes the provision of public performances and exhibitions and the maintenance and improvement of performance facilities for the benefit of the local community.

Financial strategy

Our financial strategy is designed to ensure the long-term financial viability and sustainability of the College through the creation of an operating environment in which staff are accountable and responsible for the efficient and effective stewardship of our resources.

We continue to maintain and build on our robust financial management in meeting the opportunities and challenges of a changeable conservatoire education landscape. To do this, we will continue to manage our cash carefully to support our strategic priorities and our ability to maintain and enhance our infrastructure. We will control costs, making sound strategic decisions on activities that are either financially sustainable or are in alignment with the College Strategic Plan.

The College has identified a number of key financial performance indicators that it monitors as part of its financial strategy. Performance over the last three years shows:

Key Performance Indicators	2020/21	2019/20	2018/19
Surplus/(deficit) before gains and losses - £000	(890)	34	91
Cash (including short term bonds) - £000	7,338	8,570	6,490
Net Assets - £000	7,354	7,832	8,138
Current ratio	2.7	2.4	3.7

Despite the challenges from the Covid pandemic which has impacted the last two years the underlying financial position remains strong with sufficient cash and net assets to continue to operate effectively in line with the College Strategy.

Financial prospects

The recruitment outlook for 2021/22 is now more encouraging, and we expect to see some recovery from the impacts of the Covid-19 pandemic next year. This together with a resumption of commercial activities indicates that income will start to grow again in 2021/22 enabling the College to begin to implement a new investment strategy described briefly in the Chair's report.

The investment strategy sets out plans to invest up to £1.3m per annum in the core academic provision – an approach which underpins the student recruitment growth strategy. This will deliver further

deficits in the next three years and reduce the cash reserves from £7.3m to £3m in 2022/23 before rebuilding from 2023/24.

Financial Performance 2020/21

- Income has decreased by 1% to £15,248k.
- Total expenditure has increased by 5% to £16,138k.
- Consequently a surplus of £35k has reduced to a deficit of £890k in 2020/21.
- Cash generated from operating activities decreased from £2,330k to £728k.
- Net assets decreased from £7,832k to £7,354k.

Income

A small increase in tuition fees, reflecting inflationary increases in non-regulated fees, and additional student support grants from Higher Education Funding Council for Wales were more than offset by decreases in commercial revenues and a lower level of funding from donations and endowments.

Expenditure

Most of the expenditure increase is attributable to staff cost increases - £385k being increases in pension charges and £193k from increased salaries and other on-costs related to unplanned challenges related to continuing to provide learning and teaching in a Covid-19 safe environment.

Cash generated from operating activities

The movement from a small surplus to a deficit of £890k accounted for £924k decrease in operating cash and the balance of £678k related to working capital movements including repayment of short term financing of £585k in August 2020.

Other significant movements in cash in the year included repayment of loans and interest to Higher Education Funding Council for Wales and Barclays of £1,776k.

Tangible fixed asset investments

The acquisition of digital technology continued in 2020/21 as we rolled out a programme of investment in media capture, recording and sharing capability across all our largest teaching and rehearsal spaces along with an investment in cameras and audio for recording and streaming in our venues. Over £210k has now been invested in these facilities.

Pensions

The deficit of the Rhondda Cynon Taff Pension Fund attributable to the Company on an FRS102 basis has increased from £8,836k to £9,725k.

4.2. Engaging with our stakeholders (section 172 (1) statement)

The Trustees (who are also Directors of The Royal Welsh College of Music and Drama Limited for the purposes of company law) have a duty to promote the success of the College for the benefit of its member having regards to the interests of our stakeholders, our students, our audiences, our employees, Higher Education Funding Council for Wales, our relationships with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of quality, care and business conduct.

All key Board decisions consider the impact on relevant stakeholders with a particular focus on providing a high quality service performance, outstanding community engagement, innovation, best practice in governance, workplace practices and responsible corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and

the weight they give to different issues and where these views may not align, the Board will take the best course of action to promote the company's long-term success.

Our students
Our students are at the heart of our business and operations. We aim to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential.

Employees, employee Involvement and Disabled Employees
The College's Strategic Equality Plan 2020-2025 includes a core objective to attract, retain and develop a diverse range of people to work for the College and to enable them to have access to open and transparent career development and progression. Applications for employment by disabled persons are always fully considered, taking into account the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives is regularly undertaken, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests.

Communication with all employees is undertaken through termly staff meetings and regular e-mails.

Staff members also have a Director on the Board of Directors

Regulators
The College provided Higher Education services and as part of the USW Group works closely with Higher Education Funding Council for Wales who are the principal funding body for the majority of the College grant income. Regular qualitative and financial reports are submitted and the College's success is dependent on this open, robust and reciprocal relationship.

The College as a company and charity, also reports via Companies House and the Charity commission.

Suppliers
Our strong relationship with Suppliers ensures continuity of our operations and our ability to service our stakeholders to the highest possible standards. This includes suppliers of product and services across our education, public performance and venue and other commercial services. We treat our suppliers fairly and pay them within agreed timescales and always conduct ourselves professionally and to the highest possible standards. We work closely with our suppliers to ensure that they have effective controls in place to protect our students' (and stakeholders if applicable) health and safety and the security and privacy of their data.

Communities and environment
We play an active role in our communities, and we've outlined some of the highlights of the past year in section 6 of this report.

We recognise the global climate emergency and have joined the many organisations around the world calling for urgent action to tackle climate change. Specifically we have pledged to be 100% carbon neutral by 2040 – sooner if we can – and in the coming year we will share a comprehensive carbon roadmap for the College to explain the action we are taking to meet this pledge. We have also joined

forces with the Race to Zero, underlining our commitment to a healthy and resilient zero carbon recovery.

4.3. Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the year to 31 July 2021:

	2020/21	2019/20
Energy consumption used to calculate emissions (kWh)	2,262,000	2,298,000
Scope 1: emissions in metric tonnes CO2e		
Gas consumption	268	233
Own transport	7	8
Scope 2: emissions in metric tonnes CO2e		
Purchased electricity	232	326
Scope 3: emissions in metric tonnes CO2e		
Own transport	14	9
Business travel in employee owned vehicles	22	22
Total gross emissions - Metric tonnes CO2e	543	598
Intensity ratio – tonnes CO2e per student	0.64	0.71

Qualification and reporting methodology
We have followed the 2019 HM Government Environmental Reporting guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's conversion factors for Company Reporting

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes Co2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency
Since 2018 - all of the College's electricity has been sourced from green renewable sources and more than 60% of the conventional lighting installations have been replaced with LED. In 2021 the College has commenced the replacement of the fleet's diesel fuel vehicles with hybrid versions.

4.4. Principal risks and uncertainties

The College has identified a number of high-level strategic risks that it monitors on a regular basis. These include:

Recruitment and retention of students
The College's strategic plan targets annual growth in its current level of undergraduate and postgraduate student numbers and overseas students while ensuring the quality of students remains high. The College has developed detailed actions together with a system of enhanced partnerships and an investment strategy to support these plans. Strong controls are in place which include oversight by the Executive and close working and alignments of academic and marketing teams.

Fundraising
The support of Trusts and Foundations, public funders, businesses and individuals continues to be essential to offering students new training and performance opportunities and ensuring the most talented young artists are able to afford the cost of training. A new fundraising campaign, "Promise Addewid" was launched in September 2021 and is expected to be an important contributor to this across the next two years.

Income generation
The majority of income from commercial activities was lost in 2020/21 as a direct consequence of the Covid-19 pandemic. We have cautiously recommenced these activities since September 2021 and the initial response of our regular loyal commercial customers and audiences give the Trustees reasonably confidence that this income can recover quickly and strongly as long as the relaxation of restrictions can continue.

4.5. Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2021 (2020 – nil).

4.6. Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts the directors are of the opinion that, taking account of severe but plausible downsides, including continued impacts of COVID-19, the College will have sufficient funds through funding from its immediate parent, University of South Wales, if required, to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are currently in discussion with Barclays to finalise amendments to certain financial performance covenants attached to the secured loan, which will enable the College to continue to grow without breaching any of these conditions. The bank has agreed in principle to the amendments and the directors are confident that the new loan agreement with Barclays will be signed in the near future.

Consequently, the directors are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

4.7. Statement of Corporate Governance and Internal Control

Commitment to Best Practice in Governance

The College strives for governance to be undertaken in an open and accountable manner aims to comply with best practice within the higher education sector. This summary describes how the relevant principles of corporate governance are applied to the College.

The Board of Directors of the Royal Welsh College of Music & Drama Ltd is responsible to the Board of the University of South Wales which is the sole 'member' of the College. The committees of the Board of Governors of the University act as committees for the Boards of Directors of the College except insofar as the College has its own arrangements.

The Board of Directors carries the overall responsibility for ensuring there is a sound system of risk management, control and governance. The directors discharge this responsibility through the following elements:

- Effective review by the College board and relevant committees and Audit.
- Control systems which include policies, objectives and plans, management of key risks and opportunities, monitoring of financial and operational performance, physical safeguarding of assets, segregation of duties, authorisation and approval procedures, and information systems.
- An effective internal and external audit function.
- The identification and management of risk embedded in all business systems
- Regard for the Committee of University Chairs Code of Governance.

The College's approach for the effective management of risk is set out below:

- A focus on the active management of risk as an integral part of the management process within every part of the organisation.
- Clearly identifying risks of various kinds to the achievement of its objectives. These risks may be strategic or operational and may present potential implications for the College's reputation, its financial position or its day-to-day operations or any combination thereof.
- Actively encouraging all managers to consider risk implications of each major decision, contract or project as a normal part of their day-to-day work.
- Integrating risk management into the annual planning process which is how the Executive determine and co-ordinate the College's activities.
- The Principal and the senior management team endeavour to identify and focus on immediate and transient risks with strategic implications, which may change from week to week, as well as on the more substantial and permanent risks which are identified in the College's risk register.
- Managers are expected to link risk identification to action, whether in mitigation of the risk or in response to it.
- The Principal and the senior management team work with the College managers and their teams to encourage and support effective risk management as part of the day-to-day management of the institution, and specifically to help them to identify, evaluate, manage and report risks.
- The risk register identifies significant risks and contains details of:
    - the nature of the risk
    - its potential impact
    - the likelihood of the risk crystallising
    - the 'owner' of the risk
    - the control processes which manage the risk

- The College Board has agreed with its internal auditors' that their programme of work and the approach to internal control will be risk based: this includes business, operational and compliance risks as well as financial risk
- The University of South Wales' Audit Committee regularly reviews the adequacy of the process of risk management at the College as it continues to be developed

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the College's significant risks, that it has been in place for the year ended 31 July 2021 and in place up to the date of approval of the Financial Statements and Annual Review, that it is regularly reviewed by the Board and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as amended by the British Universities Finance Directors Group.

Board of Directors and its sub committees

The Board of Directors met five times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the Company are formally received by the University of South Wales's Audit Committee which meets four times per year and acts as the College Board's Audit Committee. The 2020/21 annual report of the internal auditors was considered by both the University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2020/21.

4.8. **Statement of disclosure of information to auditors**

In the case of each Director in office at the date the Directors' Report is approved, the following applies;

(a) so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

4.9. **Directors' indemnities**

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. This was also in force at the date of approval of the annual report and financial statements.

4.10. **Independent Auditors**

The auditors, KPMG LLP, were appointed in May 2020 and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a future meeting of the Board.

By order of the board



W D Callaway
Company Secretary

30 November 2021

5. Statement of Directors' responsibilities

The directors are responsible for preparing the Trustees' Annual 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 they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 charitable company and of the income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

6. Objectives and activities for the public benefit

6.1. Charitable Objectives

The College promotes the advancement of education and learning for the public benefit, specifically the training of performers and others in music, drama and theatre, through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications. It also provides, maintains and improves performance facilities for the benefit of the local community.

Through the provision of high-quality training, the College seeks to produce graduates who are articulate and innovative in their art forms, and to provide the music and theatre industries with a highly skilled workforce, able to represent Wales on the world stage. The College makes a significant contribution to the cultural and artistic life of Wales and beyond.

6.2. Fulfilment of Charitable Objectives

Beneficiaries:
The College has a higher education student population of just over 800 students of whom 81% are Home/EU and 19% from Overseas. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. Other beneficiaries extend to younger students (from the age of four upwards) as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The general public attend over 500 public performances a year including free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:
The College seeks to recruit the most able and talented students, as well as those who exhibit exceptional potential irrespective of background. The College's Strategic Equality Plan 2020-2025 includes a core objective "to attract, select and retain a diverse range of students to study at the College and create an environment that encourages and supports all students to actively engage and to realise their full potential". Within its undergraduate programmes demand for places is high and is normally conducted by audition interview or portfolio submission.

6.3. Public Benefit Statement

Bursaries, scholarships and funding support:
To support students who experience financial hardship, the College makes available financial support through bursaries and philanthropic donations received from external sources.

A high percentage of students enrolled on the College's junior music and young actor programmes are in receipt of bursary support to enable them to access the College's tuition, regardless of financial need. The College sources this bursary support from a combination of public funds, trusts, foundations, businesses and philanthropic donors.

The College operates a limited number of scholarships as a means of attracting the most gifted students and in order to achieve balanced cohorts of students to enable training in recognised core ensembles. Scholarships are offered on the basis of both excellence and need (i.e. the financial need of the applicant).

Development and fundraising:
The College employs a fundraising team (5.2 full time equivalents) to generate private sector income from individuals, businesses, trusts and foundations, and fundraising events, to help support core funds, scholarships, and other restricted projects. The Royal Welsh College of Music and Drama is registered with Fundraising Regulator and is therefore required to note in this report that no complaints have been received during the year in relation to fundraising. Across all fundraising activity, the College adheres to The Code of Fundraising Practice, including the guidance in relation to vulnerable donors.

The College again had a strong year with regards to fundraising income, particularly against the backdrop of the pandemic. Securing income for scholarships continues to be a particular priority to enable access, support financial need and, in doing so, to ensure greater diversity in our student community. We were delighted that Badwolf, alongside its scholarship of the Young People's Production Arts initiative, renewed its support of a diversity scholarship. This was matched by Arts & Business Cymru to provide two further awards to enhance the ethnic diversity of those entering our training and, in turn, the creative industries. The Andrew Lloyd Webber Foundation offered a new scholarship to support a student on our undergraduate Musical Theatre programme, commencing in September 2021, in addition to the full fees, post-graduate scholarship it already provides. The Leverhulme Trust continues to provide a major grant to support scholarships across several undergraduate and postgraduate courses in addition to Junior College bursaries.
Support continued to be generated for the College's Student Hardship Fund to help students facing financial hardship due to the pandemic and the first gifts were received into the College's new Bursary Fund, which will provide support of up to £1,200 per annum for first-year undergraduate students from the UK with household income of below £30,000 per annum from the 21-22 academic year.

Two significant grants were received from the Arts Council of Wales – from the second round of the Cultural Recovery Fund and the Connect & Flourish Scheme - along with the second instalment of a major gift from The Carne Trust to fund several strategic advancements over the coming period. A substantial legacy gift was received from the Estate of Phoebe Ida Phillips and work continues to be undertaken to attract new legacy pledges.

A new regular giving programme – The Chair's Circle – was launched to generate new, unrestricted income for the College and attract new donors and philanthropists into the College community. The College would like to reiterate its thanks to all new members of the Chair's Circle, to members of the Connect and Friends Connect schemes, to those who have pledged a legacy gift, as well as to the many individuals, business and charitable trusts who support scholarships, bursaries, special projects, prizes and other College and student activities. A full list of supporters can be viewed on the College website: https://www.rwcmd.ac.uk/support-us/thank-you.

Widening Participation
A main vehicle for the delivery of the College's widening participation activity is its junior training programmes for young musicians, actors and production artists, as well as an extensive community engagement programme that includes an annual series of schools workshops, a community lesson scheme and a series of accessible workshops delivered both in college and in the community.

The Junior Conservatoire and Young Actors Studio made a welcome return to in-person delivery in the Autumn term 2020, adapting courses in line with a comprehensive range of C-19 safety protocols. In the Junior Conservatoire, a first season of online auditions proved popular, resulting in thirty-five new Advanced Course students and a 15% increase in student numbers overall. The Young Actors Studio ran at capacity numbers within the Covid-19 regulations.

All Junior Conservatoire and Young Actors Studio courses moved online for most of the Spring term due to the Tier 4 lockdown in Wales. Staff and students worked assiduously to ensure full continuity of learning and teaching and the delivery of a term that was every bit as busy, successful and enjoyable as it could be. In the Spring term, a series of schools workshops took place as part of three highly imaginative and innovative projects that were re-imagined for online delivery by undergraduate students and their tutors: the 'Synced' music workshop series, Schools Opera and Creative Music Workshops. Projects were delivered in fourteen primary schools that were situated mainly in local WIMD 1 or 2 areas and had remained open during the Tier 4 lockdown to support vulnerable children and the children of essential workers.

In July 2021 our summer schools again delivered the Young People's Production Arts programme, the Young Actors Studio Theatre Workshop and a three-day Creative Arts summer camp funded by First Campus that was run specifically for young carers or those with experience of care. Workshops encompassed music, production arts and drama and culminated in an informal sharing of work in the college's Dora Stouzker Hall.

The College continues to work closely with a range of arts disability groups including UCAN Productions and National Open Youth Orchestras to ensure that our education and training prepares conservatoire students for the diverse needs of the creative industries that they will enter on graduation.

Community Engagement

Although the College was closed to public audiences during this academic year, we used our new capacity for online streaming to broadcast an extensive programme of over 100 free and ticketed performances and productions by both students and visiting artists. These included 16 drama films and productions, 32 AmserJazzTime performances broadcast live from the Carne Foyer and free to watch on YouTube, and 9 piano and vocal recitals streamed #LiveFromTheDora which were made available free of charge to care homes across Wales. We also produced our Atmospheres and AmserJazzTime festivals as digital events.

Through the year, we gained over 40,000 views across free and ticketed broadcasts.

Independent auditor's report to the members of the Royal Welsh College of Music and Drama Limited

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the charitable company") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the company's high-level policies and procedures to prevent and detect fraud and the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that tuition fee income is recorded in the wrong financial period, that fundraising income is incorrectly accounted for and the risk that the company's management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the company wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals made to unrelated accounts, those made to unusual or seldom-used accounts, entries containing particular words in the description and postings made by individuals who do not typically make journal entries.
- Inspecting cash receipts in the period prior to and following 31 July 2021 to verify tuition fee income had been recognised in the correct accounting period.
- Sample testing fundraising revenue to assess whether it had been appropriately accounted for in accordance with relevant performance conditions and restrictions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), charities legislation, distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rees Batley

Rees Batley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX
30 November 2021

Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2021

	Notes	2021 £'000	2020 £'000
Income			
Tuition fees and education contracts	3	**8,983**	8,659
Funding body grants	4	**3,998**	3,620
Other income	5	**1,123**	1,128
Investment income	6	**94**	141
Total income before endowments and donations		**14,198**	13,548
Donations and endowments	7	**1,051**	1,845
Total income		**15,248**	15,393
Expenditure			
Staff costs	8	**9,642**	9,064
Other operating expenses		**5,116**	4,917
Depreciation	11	**937**	875
Interest and other finance costs	9	**444**	502
Total expenditure		**16,138**	15,359
(Loss)/Surplus before other gains and losses		**(890)**	**34**
Gain/(Loss) on investments	17	**345**	(148)
(Loss)/Surplus for the year		**(544)**	**(114)**
Actuarial gain/(loss) in respect of pension schemes	23	**66**	(192)
Total comprehensive income/(expenditure) for the year		**(478)**	**(306)**
Represented by:			
Endowment comprehensive income/(expenditure) for the year		**366**	(154)
Restricted comprehensive income/(expenditure) for the year		**77**	211
Unrestricted comprehensive income/(expenditure) for the year		**(921)**	(363)
		(478)	**(306)**

All items of income and expenditure relate to continuing activities

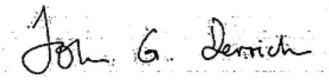
Statement of Changes in Reserves
for the year ended 31 July 2021

	Income and expenditure account			Revaluation reserve	Total
	Endowment	Restricted	Unrestricted		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2020	**2,475**	**1,326**	**2,212**	**1,819**	**7,831**
Surplus/(Deficit) for the year	**366**	**77**	**(987)**	**0**	**(544)**
Other comprehensive income			**66**		**66**
Balance at 31 July 2021	**2,840**	**1,403**	**1,291**	**1,819**	**7,353**

Balance Sheet
as at 31 July 2021
(Company Registration: 06013744)

	Notes	2021	2020
		£'000	£'000
Non-current assets			
Tangible assets	11	**24,415**	24,917
Heritage assets	11	**500**	500
Other	11	**135**	135
		25,050	25,552
Current assets			
Trade and other receivables	12	**146**	211
Investments	13	**8,189**	7,884
Cash and cash equivalents	24	**1,367**	2,742
		9,703	10,837
Creditors: amounts falling due within one year	14	**(3,565)**	(4,460)
Net current assets		**6,138**	6,378
Total assets less current liabilities		**31,187**	31,930
Creditors: amounts falling due after more than one year	15	**(14,061)**	(15,227)
Provisions			
Pension provisions	16	**(9,539)**	(8,836)
Other provisions	16	**(234)**	(35)
Total net assets		**7,354**	7,832
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	**2,837**	2,475
Income and expenditure reserve - restricted reserve	18	**1,404**	1,327
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		**1,292**	2,210
Revaluation reserve		**1,819**	1,819
		7,353	7,831
Share Capital		**1**	1
Total Reserves		**7,354**	7,832

The financial statements on pages 25 to 44 were approved by the Board on 30 November 2021 and signed on its behalf by:



John Derrick
Chair of Board of Governors

Cash Flow Statement
for the year ended 31 July 2021

	Note	2021	2020
		£'000	£'000
Cash flow from operating activities			
(Loss)/Surplus before other gains and losses		(890)	34
Adjustment for non-cash items			
Depreciation	11	937	875
(Gain)/Loss on investments		(64)	37
Decrease in debtors	12	65	23
(Decrease)/Increase in creditors	14, 15	(566)	1,263
LGPS Pension costs less contributions payable		966	664
Capital grant income	14	(36)	(169)
Adjustment for investing or financing activities			
Investment income		0	(141)
Interest payable	9	320	328
Endowment capital		(3)	0
Short term financing	14	0	(585)
Net cash inflow from operating activities		728	2,330
Cash flows from investing activities			
Movement in Investments		104	(44)
Payments made to acquire fixed assets		(434)	(423)
Bond payment to secure lease		0	(135)
New deposits		3	0
		(327)	(602)
Cash flows from financing activities			
Interest paid		(320)	(328)
Short term financing		0	585
Repayments of amounts borrowed		(1,456)	(155)
		(1,776)	102
Increase/(Decrease) in cash and cash equivalents in the year		(1,375)	1,829
Cash and cash equivalents at beginning of the year	19	2,742	913
Cash and cash equivalents at end of the year	19	1,367	2,742

Analysis of changes in net debt	As at 1 Aug 2020	Cashflows	Other Changes	As at 31 Jul 2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,742	(1,375)	0	1,367
Debt due within one year	(1,457)	(1,456)	(1,130)	(1,131)
Debt due within more than one year	(8,046)		1,130	(6,916)
	(6,761)	(2,831)	0	(6,680)

Notes to the financial statements for the year ended 31 July 2021

1 Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of endowment investments, in accordance with the Companies Act 2006, as adapted to the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). The principal accounting policies are set out below and have been applied consistently throughout the year.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts the directors are of the opinion that, taking account of severe but plausible downsides, including continued impacts of COVID-19, the College will have sufficient funds through funding from its immediate parent, University of South Wales, if required, to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors are currently in discussion with Barclays to finalise amendments to certain financial performance covenants attached to the secured loan, which will enable the College to continue to grow without breaching any of these conditions. The bank has agreed in principle to the amendments and the directors are confident that the new loan agreement with Barclays will be signed in the near future.

Consequently, the directors are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements for the year ended 31 July 2021

2 Accounting policies

Income recognition

Income from tuition fees is recognised over the period in which students are studying and includes all fees chargeable to students or their sponsors. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount.

Income from the sales of goods and services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Grant Funding

Government grants, including funding council block grant, are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are three main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted permanent endowments – the donor has specified that the fund is be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset under the accruals method. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance conditions being met.

Notes to the financial statements for the year ended 31 July 2021

2 Accounting policies (continued)

Accounting for retirement benefits

The two principal pension schemes for the College's staff are the Teachers' Pension Scheme (TPS) and Rhondda Cynon Taff Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded.
It is not possible to identify each institution's share of the underlying liabilities in relation to the TPS and hence, contributions to the scheme are accounted for as if this was a defined contribution scheme, the cost recognised within the income statement being equal to the contributions payable to the scheme for the period.

Employment Benefits

Short term employment benefit such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Early Retirement Provision

The Company maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement.

Provisions are established and the associated costs are charged to the income and expenditure account when the College has a legal or constructive obligation. The provision relates to enhanced teachers' unfunded pension arrangements established by the College. These are termination benefits made on a discretionary basis upon early retirement, in respect of the Teachers Pension Scheme.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Tangible Fixed Assets

Tangible fixed assets are initially recorded at purchase cost, including non recoverable VAT, incidental costs of acquisition, less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life, as stated below. Depreciation is charged for a full year within the year that the asset becomes available for use.

All fixed assets are reviewed for indicators of impairment at each balance sheet date.

Land and buildings

Land and buildings inherited from Royal Welsh College of Music and Drama Higher Education Corporation are stated in the balance sheet at their net book value on transfer.

Notes to the financial statements for the year ended 31 July 2021

2 Accounting policies (continued)

As at 1 August 2014 asset lives were reassessed and revised depreciation rates applied to the net book value as at that date. The original Raymond Edwards building is being depreciated over 35 years, with the additional facilities being depreciated over 50 years, which is the expected remaining useful economic life.
Land has been revalued to fair value on transition to the 2015 Further and Higher Education SORP, resulting in a revaluation reserve of £1,819,000. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

Long leasehold buildings are depreciated over the shorter of the lease term and expected useful life.

Buildings under construction are capitalised at cost. Interest on loans used to fund capital projects is capitalised until such projects are brought into use. No depreciation is charged, until the year in which buildings under construction are brought into use.

Fixtures, fittings and plant and machinery

Equipment costing less than de minimums of £300 per individual item, is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost, including non recoverable VAT, and is depreciated over its expected useful life, as follows:

Fixtures and fittings	- 7 years straight line
Plant and machinery	- between 3-10 years straight line

Heritage Assets

Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets acquired since College formation have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations. In subsequent periods, heritage assets are held at cost less any identified impairment.

Information on the valuation of Heritage assets is set out in note 11.

Investments

Investments are held at fair value with movements recognised in income and expenditure.

Cash

Cash includes cash in hand and cash equivalents.

Notes to the financial statements for the year ended 31 July 2021

2 Accounting policies (continued)

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Taxation

The College is a charity registered with the Charity Commission number 1139282 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

Loans

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Notes to the financial statements
for the year ended 31 July 2021

3 **Tuition fees and education contracts**	Notes	**2021 £'000**	2020 £'000
Full-time home and EU students		**6,594**	6,371
Full-time international students		**1,788**	1,708
Short Course Fees		**601**	580
		8,983	8,659

4 **Funding body grants**		**2021 £'000**	2020 £'000
Higher Education Funding Council		**3,746**	3,485
Amortisation of Deferred Capital grant	14	**251**	135
		3,998	3,620

5 **Other income**		**2021 £'000**	2020 £'000
Catering		**115**	361
Other capital grants	14	**34**	34
Other income		**974**	733
		1,123	1,128

6 **Investment income**		**2021 £'000**	2020 £'000
Investment income on endowments	17	**62**	64
Other investment income		**32**	77
		94	141

7 **Donations and endowments**		**2021 £'000**	2020 £'000
New endowments	17	**3**	0
Donations with restrictions	18	**672**	872
Unrestricted donations		**375**	973
		1,051	1,845

8 Staff costs

	2021	2020
Staff Costs	£'000	£'000
Salaries	**6,944**	6,784
Social security costs	**614**	581
Other pension costs	**2,084**	1,699
Total	**9,642**	9,064

Remuneration of directors and higher paid employees

	2021	2020
(a) Directors	£'000	£'000
Salary	**222**	220
Benefits	**3**	2
Pension contributions to LGPS	**37**	34
	261	257

In addition one director receives remuneration in their capacity as President of the Students' Union.

	2021	2020
(b) Higher paid employees		
Emoluments of the Principal:	£'000	£'000
Salary	**152**	152
Benefits	**3**	2
Pension contributions to LGPS	**25**	24
	179	178

Average full time equivalent staff numbers by major category, including senior post-holders

	2021	2020
Academic	**100**	103
Other	**81**	84
	181	187

Average headcount equivalent staff numbers by major category, including senior post-holders

	2021	2020
Academic	**231**	241
Other	**154**	208
	386	449

Remuneration of the Principal of the College expressed as

	2021	2020
Basic salary as a ratio of the median basic salary of all staff	**4.63**	4.50
Total remuneration as a ratio of the total remuneration of all staff	**4.63**	4.50

Trustee expenses and related party transactions

The College's Board members are the Trustees for charitable law purposes.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year.

The total expenses paid to or on behalf of Board members was £0 (2020 - £170).
This represents travel and subsistence expenses incurred in attending meetings.

9 Interest and other finance costs	2021 £'000	2020 £'000
Loan interest	**320**	328
Net charge on pension scheme (see note 23)	**125**	174
	444	502

10 Analysis of total expenditure by activity	2021 £'000	2020 £'000
Academic and related expenditure	**9,428**	8,726
Administration and central services	**3,139**	3,180
Premises	**2,144**	2,005
Residences, catering and conferences	**243**	429
Other expenses	**1,183**	1,020
	16,138	15,359

Other operating expenses include:

	2021 £'000	2020 £'000
External auditors' remuneration in respect of audit services	**30**	29
External auditors' remuneration in respect of non-audit services	**0**	3
Operating lease rentals - other	**158**	**110**

Notes to the financial statements
for the year ended 31 July 2021

11 Tangible Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2020	27,893	2,318	4,034	1,556	35,801
Additions	0	0	513	32	545
Disposals	0	0	(43)	(67)	(110)
At 31 July 2021	**27,893**	**2,318**	**4,504**	**1,520**	**36,235**
Consisting of:					
Valuation	1,819	0	0		1,819
Cost	26,074	2,318	4,504	1,520	34,416
At 31 July 2021	**27,893**	**2,318**	**4,504**	**1,520**	**36,235**
Accumulated depreciation					
At 1 August 2020	5,206	1,272	3,390	1,017	10,884
Charge for the year	469	21	324	122	937
Disposals	0	0	0	0	0
At 31 July 2021	**5,675**	**1,292**	**3,714**	**1,139**	**11,820**
Net book value					
At 31 July 2021	**22,218**	**1,026**	**790**	**382**	**24,415**
At 31 July 2020	22,687	1,046	645	539	24,917

Included in the net book value of fixed assets is aggregated interest capitalised of £290k (2020 - £298k).

Heritage Assets

	Heritage Assets	*Total*
	£'000	£'000
Cost		
At 1 August 2020	500	500
At 31 July 2021	**500**	**500**

The College aims to maintain the condition of the collection by housing it within a designated and managed area. Items from the collection will be on public display in various temporary exhibitions. The College is currently in the process of cataloguing the collection.

Other Assets

The College has placed a £135,000 bond payment as security against the lease of a workshop.

12 Trade and other receivables

	2021	2020
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	37	33
Other receivables	4	12
Prepayments and accrued income	75	148
Amounts due from parent undertaking	30	18
	146	211

The amounts due from parent undertaking are interest free and repayable on demand.

13 Investments

	2021	2020
	£'000	£'000
Short term investment in shares	2,219	2,056
Short term bonds	5,971	5,828
	8,189	7,884

14 Creditors : amounts falling due within one year

	2021	2020
	£'000	£'000
Secured loans	173	165
Unsecured loans	958	1,292
Amounts owed to parent undertaking	10	668
Other creditors	340	334
Trade payables	77	32
Social security and other taxation payable	118	121
Accruals and deferred income	1,890	1,847
	3,565	4,460

The amounts owed to parent undertaking are interest free and repayable on demand.
The Unsecured Loan is a public benefit entity concessionary loan.

Deferred income

Accruals and deferred income include other income which has been deferred until specific performance related conditions have been met and deferred captial grants, which are released on a consistent basis over the useful lives of the related assets.

	2021	2020
	£'000	£'000
Other income	314	158
Deferred capital grants (see notes 4 and 5)	286	169
	600	327

15 Creditors : amounts falling due after more than one year

	2021	2020
	£'000	£'000
Deferred capital grant	**7,145**	7,181
Secured loans	**5,749**	5,921
Unsecured loan	**1,167**	2,125
	14,061	15,227

Analysis of secured and unsecured loans:

	2021	2020
	£'000	£'000
Due within one year or on demand (Note 14)	**1,131**	1,457
Due between one and two years	**1,347**	1,131
Due between two and five years	**603**	1,739
Due in five years or more	**4,966**	5,176
Due after more than one year	**6,916**	8,046
Total secured and unsecured loans	**8,047**	9,503
Secured loan repayable by 2041*	**5,922**	6,086
Unsecured loan repayable by 2023	**2,125**	3,417
	8,047	9,503

Included within the total balance above is the following due in more than two years

	Interest	Repayment	Term	2021 £'000	2020 £'000
Barclays Bank					
All tranches	5.34%	Quarterly	33 years (to 2041)	**5,569**	5,921

* The terms of the secured loan agreement provides that the Bank may require the College to grant a charge on the land and buildings owned by the College if certain covenants are breached.
There is no charge currently registered in this regard and the Directors do not consider it likely that any charge will be required in the 12 months from the date of approval of the financial statements.

16 Provisions for liabilities

	Defined Benefit Enhanced Provision	Pension scheme provision under FRS102	Other Provisions	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	190	8,646	35	**8,871**
(Reduction)/Increase in year	(4)	0	13	**9**
Increase in year (see note 23)	0	893	0	**893**
At 31 July 2021	**186**	**9,539**	**48**	**9,773**

Other Provisions inlcudes future dilapidation remedial works on College rented properties, and redundancy costs.

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2021 Total	Year to 31 July 2020 Total
	£'000	£'000	£'000	£'000
Opening Balances				
Capital	349	1,880	**2,228**	2,376
Accumulated income	71	176	**247**	254
	419	2,056	**2,475**	2,629
New endowments	-	3	**3**	-
Investment income	10	52	**62**	64
Expenditure	(7)	(38)	**(45)**	(71)
Increase in market value of investments	54	291	**345**	(148)
Total endowment comprehensive income for the year	57	309	**366**	(154)
Closing Balances	476	2,364	**2,840**	2,475
Represented by:				
Capital	403	2,174	**2,577**	2,228
Accumulated income	74	190	**264**	247
	476	2,364	**2,840**	2,475
Analysis by type of purpose:				
Scholarships and prize funds	476	2,364	**2,840**	2,475
	476	2,364	**2,840**	2,475
Analysis by asset				
Current asset investments			2,689	2,343
Cash and cash equivalents			152	132
			2,840	2,475

18 Restricted Reserves

Reserves with restrictions are as follows:

	Year to 31 July 2021 Total	Year to 31 July 2020 Total
	£'000	£'000
Opening Balances	1,327	1,115
New donations	671	872
Expenditure	(594)	(661)
Total restricted comprehensive income for the year	**77**	211
Closing Balances	**1,404**	1,327

18 Restricted Reserves (continued)

	2021	2020
	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:		
Scholarships and prize funds	**583**	631
Specific projects	**53**	68
Other	**35**	173
	671	872

19 Cash and cash equivalents

	At 1 August 2020	Cash Flows	At 31 July 2021
	£'000	£'000	£'000
Cash and cash equivalents	2,742	(1,375)	1,367
	2,742	**(1,375)**	**1,367**

20 Lease obligations

Total rentals payable under operating leases:

	2021	2020
	£'000	£'000
Payable during the year	**158**	110
Future minimum lease payments due:		
Not later than 1 year	**167**	158
Later than 1 year and not later than 5 years	**720**	700
Later than 5 years	**3,275**	3,464
Total lease payments due	**4,163**	4,321

21 Related Parties

As the College is a wholly owned subsidiary of the University of South Wales, the College has taken advantage of the exemption contained in FRS102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the Group qualifying as related parties).

There are no other related party transactions to be reported.

22 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is the University of South Wales, a Higher Education Corporation established under the Education Reform Act 1988. The results of the Company have been incorporated in the University of South Wales' consolidated financial statements, which forms the largest and smallest group for which the Company's financial statements are consolidated, copies of which can be obtained from the following address:

University of South Wales
Pontypridd
Rhondda Cynon Taff
CF37 1DL

23 Pension Schemes

The College participates in two pension schemes, the Rhondda Cynon Taff Pension Funds (RCTPF), a local government pension scheme for non academic staff and the Teachers' Pension Scheme (TPS) for academic staff.

Teachers' Pension Scheme
TPS is a statutory contributory final salary scheme administered by the Teachers' Pensions on behalf of the Department of Education. Under the TPS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary's Department (GAD), using normal actuarial principles conducts an actuarial review of the TPA.

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

Latest actuarial valuation 31 March 2016

Valuation of the assets at date of last valuation £196.1 million (estimated future contributions together with notional investments held at 31 March 2016).

The contribution rate increased from 16.48% to 23.68% on 1 September 2019.

Under the definitions set out in Financial Reporting Standard 102 (FRS102) the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets of the scheme.

Accordingly the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out the above information available on the deficit in the scheme and the implications in terms of the anticipated contributions rates.

Rhondda Cynon Taff Pension Scheme
The scheme is a defined benefit occupational pension scheme. Pre April 2014 benefits are linked to final pensionable salary and service at date of retirement (or date of leaving the scheme if earlier), post March 2014 benefits accrue on a Career Average Revalued Earnings (CARE) basis.

The scheme is valued every three years, the latest being undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2019.

Assumptions
The financial assumptions used to calculate scheme liabilities under FRS102 are:

	2021	2020
	% pa	% pa
Price Inflation (CPI)	2.90	2.20
Rate of increase in pensionable salaries	3.90	3.20
Discount rate/interest income on assets	1.65	1.45

In response to the ongoing reform of RPI the actuary have changed their approach to setting the CPI assumption: an increase in the Inflation Risk Premium and a reduction in the long-term difference between RPI and CPI. The combined impact of this change is a circa £2.3m increase to the defined benefit obligation at 31 July 2021.

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 23.1 years.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	2021		2020	
	Males	Females	Males	Females
Pensioner aged 65	21.3	23.7	21.0	23.5
Active member aged 65	21.8	24.9	21.8	24.4

23 Pension Schemes (continued)

The assets in the scheme are valued at fair value and comprise:

	2021	2020
	£'000	£'000
Equities	12,710	9,183
Government bonds	2,162	1,616
Corporate bonds	2,173	1,575
Property	1,133	1,010
Cash	35	81
Total	18,211	13,465

Analysis of the amount shown in the balance sheet for LGPS pensions:

	2021	2020
	£'000	£'000
Scheme assets	18,211	13,465
Scheme liabilities	(27,750)	(22,111)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 16)	(9,539)	(8,646)

	2021	2020
	£'000	£'000
Current service cost	1,293	982
Past service and administration charges	14	13
Total operating charge	1,307	995

Analysis of the amount charged to interest payable/credited to other finance income for LGPS pensions:

	2021	2020
	£'000	£'000
Interest cost	326	442
Expected return on assets	(204)	(274)
Net charge to other finance income	122	168
Payments to the Fund	(462)	(464)
Charge to Income and Expenditure Statement	966	699

Analysis of other comprehensive income for LGPS pensions:

	2021	2020
	£'000	£'000
Gains on assets	3,314	803
Experience (loss) on liabilities	(3,241)	(1,082)
Experience (loss)/gain on liabilities (Enhanced Provision on Termination)	(7)	88
	66	(192)

23 Pension Schemes (continued)

History of experience gains and losses – LGPS pensions

	2021	2020	2019	2018	2017
Difference between actual and expected return on scheme assets:					
Amount (£m)	3,314	803	519.4	769	470
Experience losses/(gains) on scheme liabilities:					
Amount (£m)	(3,241)	(1,082)	(1,782)	214	(1,402)

	2021	2020
	£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial losses recognised at the start of the year	2,945	2,665
Cumulative actuarial losses recognised at the end of the year	2,872	2,945

	2021	2020
	£'000	£'000
Analysis of movement in deficit for LGPS pension		
Deficit at beginning of year	(8,645)	(7,702)
Contributions or benefits paid by the College	462	499
Current service cost	(1,293)	(982)
Other finance charge	(136)	(181)
Actuarial gain/ (loss) recognised in other comprehensive income	73	(279)
Deficit at end of year	**(9,538)**	(8,645)

	2021	2020
	£'000	£'000
Analysis of movement in the present value of LGPS liabilities		
Present value of LGPS liabilities at the start of the year	22,111	19,640
Current service cost (net of member contributions)	1,293	982
Interest cost	326	442
Actual member contributions (including notional contributions)	226	187
Actuarial loss	3,241	1,082
Actual benefit payments	554	(222)
Present value of LGPS liabilities at the end of the year	**27,751**	22,111

	2021	2020
	£'000	£'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	13,465	11,938
Expected return on assets	204	274
Actuarial gain on assets	3,314	803
Actual contributions paid by College	462	499
Actual member contributions (including notional contributions)	226	187
Actual benefit payments	554	(222)
Administration expenses	(14)	(13)
Fair value of scheme assets at the end of the year	**18,211**	13,465

LGPS assets do not include any of the College's own financial instruments, or any property occupied by the College.

	2021	2020
	£'000	£'000
Actual return on Scheme assets		
Expected return on Scheme assets	**204**	274
Asset gain	**3,314**	803
	3,518	1,076

Estimated contributions for LGPS in the Financial Year 2021-22 is £440k assuming 95% member take up.

ROYAL WELSH COLLEGE OF MUSIC AND DRAMA

England & Wales - Charity number 1139282

Accounts

ROYAL WELSH COLLEGE
OF MUSIC & DRAMA
COLEG BRENHINOL
CERDD A DRAMA CYMRU

Financial Statements and Annual Review

Year ended 31 July 2020

Royal Welsh College of Music and Drama Limited

Registered Company number 06013744
Registered Charity number 1139282

Royal Welsh College of Music and Drama Limited

Coleg Brenhinol Cerdd a Drama Cymru Cyfyngedig

Financial Statements and Annual Review
Year ended 31 July 2020

Registered Company number	06013744
Registered Charity number	1139282

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1. Reference and administrative details

Charity name Royal Welsh College of Music and Drama
Charity number 1139282
Company number 06013744

Chairman
Mr J Derrick

Secretary
Mr W Callaway

Principal address and registered office
Castle Grounds
Cathays Park
Cardiff
CF10 3ER

Independent auditors
External: KPMG LLP
3 Assembly Square,
Britannia Quay,
Cardiff,
CF10 4AX

Internal: TIAA Ltd
Artillery House
Fort Fareham
Newgate Lane
Fareham
PO14 1AH

2. Chair's report for the year ending 31 July 2020

As the Chair of the Royal Welsh College of Music and Drama Limited - the National Conservatoire of Wales - it is my privilege to provide an Annual Report of the activities of the College over the last year.

2.1. Introduction

During my third year as Chair, I was delighted to announce two new Vice Presidents of the College - Sir Ian Stoutzker CBE FRWCMD and Philip Carne MBE FRWCMD. Philip and Sir Ian have both been closely involved in the life of the College for many years as audience members, advisers and philanthropists and I look forward to working with them in their new roles as Vice Presidents. I offer my continued thanks to our President, HRH The Prince of Wales, to Lord Rowe-Beddoe of Kilgetty, our Chairman Laureate, and all my fellow Trustees for their active and committed service.

The Covid 19 pandemic had a material impact on the College this year. Along with most of the UK's Higher Education sector the College closed its buildings to all students, staff and visitors on 20 March 2020 and remained closed until the end of the Academic year. All learning, teaching and assessment was immediately moved online and all public performances and commercial activities stopped.

Rapid work was undertaken to ensure the College's students were able to progress either to graduation or to the next year of study. Working closely with our parent company, The University of South Wales, as our degree validating University, extensive modifications to established assessment patterns were made without abandoning the core principle of 'fitness to practice' that has to be fulfilled. I'm delighted to report that all our students were able to complete their degree or fulfil requirements for progression to the next year through online work and assessment. The continued lockdown restrictions across the UK meant that we weren't able to hold our annual graduation celebration in July but the College staff are already planning to invite back this year's graduates for a double celebration in 2021!

Although the physical lights of the College were switched off from March to July – creativity and performance continued to thrive and an impressive body of work was produced and shared online throughout this period. Some of the highlights are referenced later in this report.

Careful plans to reopen the College with a blended learning model commenced early in the Summer and I'm delighted to report that the College was open on 21 September to welcome the Class of 2020/21.

Through the year, extensive work was undertaken to complete consultation on the College's first own Strategic Equality Plan and Equality Action Plan, this duty having previously fallen within the over-arching documentation produced for the University of South Wales Group. The development was supported, in particular, by Prof. Uzo Iwobi, International Chair in Diversity and Special Advisor on Diversity to the First Minister of the Welsh Government. A focused piece was also undertaken to articulate an anti-racism action plan.

This year's Chair's Report tells the story of the College through the following main sections:

- 2.2 Key Facts about the College.
- 2.3 How the College uses its Resources to Generate Value.
- 2.4 Highlights of the Performance Programme.
- 2.5 National Student Survey and Guardian League Table.

- 2.6 Widening Access and Community Engagement.

2.2. Key Facts about the College

Student Body

In 2019/20 the College had 817 students (2018/19: 777):

- 73% undergraduate and 27% postgraduate (2018/19: 69% and 31%)
- 82% from UK with 22% from Wales (2018/19: 74% and 19%)
- 11% from overseas countries outside the EU (2018/19: 18%)
- 7% from EU (2018/19: 8%)
- 50 different countries (2018/19: 49)
- 17% declared a disability (2018/19: 20%)
- 19% declared non-white ethnicity (2018/19: 16%)
- 12% declared Welsh speaker (2018/19: 9%)
- 96% retention rate (2018/19: 92%)
- 92% of graduating students achieved first-class or upper second-class awards (2018/19: 82%)

2.3. How the College uses its Resources to Generate Value

The College's strategy was approved in 2019 and has the following strategic pillars:

- Future-focused degrees offering outstanding student experience and delivered by world-class staff in a flourishing and inclusive community.
- A pioneering public programme, (performance, participation, learning), providing transformative experiences for diverse communities across Wales.
- A global position and international profile.
- An integrated research and enterprise environment incubating new work and innovating for the arts.
- A sustainable business model (financial, operational, environmental, organisation and culture).

The College uses the following resources to achieve these aims:

- income from students (£8.7m), Higher Education Funding Council for Wales (£3.6m), philanthropy and fundraising (£1.8m) and other commercial sources (£1.1m);
- world class performance facilities such as the Dora Stoutzker Hall and Richard Burton Theatre;
- highly qualified, committed and talented staff;
- strong systems and processes;
- an ambitious and creative community with a keen sense of its identity;
- productive partnerships with leading industry organisations such as WNO, National Theatre and BBC.

The output from the deployment of its resources ensures knowledge, experience and opportunities to perform are provided to our students in order to provide a high quality workforce to the creative

industries in Wales, the UK and internationally. The deployment of College resources enhances the employability and professionalism of our students so that our alumni successfully carry our name and reputation across the industry.

Finally, as well as providing high quality graduates to the creative industries, participation in higher education also provides wider benefits for individuals and society which have been outlined in the Department of Business Innovation and Skills (Research paper 146):-

- Wider benefits to society - include less crime, greater social cohesion and social mobility.
- Wider benefits to individuals – include more civic engagement and volunteering, less likely to commit crime, better educational parenting, longer life expectancy, less likely to drink excessively, less likely to smoke, less likely to be obese, more likely to engage in preventative care, better mental health, greater life satisfaction and better general health.
- Economic benefits to society – include increased tax revenues, faster economic growth, greater innovation and labour market flexibility, increased productivity of co-workers, reduced burden on public finances from better co-ordination with other social policy areas such as health and crime prevention,
- Economic benefits to individuals – include higher earnings, less exposure to unemployment, increased employability and skills development and increased entrepreneurial activity and productivity.

2.4. Highlights of the Performance Programme

This year, and despite the Covid pandemic, the Creative Programme delivered over 330 performances across the College's venues and at other locations across Wales, London and Edinburgh. In addition to its core purpose of providing a major training vehicle for students across all disciplines, the programme makes a major contribution to the cultural provision in south Wales and beyond, continuing to reach around 40,000 audience attenders. A number of highlights include those outlined below.

Autumn 2019 marked the College's 70th anniversary including a special Gala performance by musicians of the David Seligman Opera School and WNO Orchestra conducted by Carlo Rizzi. We celebrated the music and theatre of the era with the Jazz Big Band's celebration *Spirit of '4*' and a new production of William Inge's *Bus Stop*, as well as revealing treasures from the archives in an exhibition telling the story of the College and celebrating our alumni.

The academic programme opened with an immersive residency for first year music students with the Manchester Collective featuring Welsh violinist sisters Rakhi Singh and Simmy Singh, South African cellist Abel Selaocoe and drummer Sidiki Dembele.

The rest of the term offered a rich mix of new performance experiences including the dancers of Rambert2, appearing in partnership with Cardiff Dance Festival; London Sinfonietta's *Turning Points* telling the story of minimalism; Indian slide guitarist Debashish Bahattacharya; Skye piper *Brìghde Chaimbeul;* a collaboration between three stars of world music with the AKA Trio; Fauré's Requiem at St David's Hall and a celebration of Clara Schumann's 200th anniversary with Lucy Parham and Lesley Sharp. We marketed many of these performances with a ticket offer under our 20/20 Visionaries banner, which successfully encouraged audiences to try something different.

We welcomed National Theatre Wales to the Richard Burton Theatre for the first time with their poignant touring production *Peggy's Song* and our own drama productions included Tom Stoppard's *Arcadia*, Aaron Posner's *Stupid F***ing Bird* and Patrick Marber's *Dealer's Choice*.

As part of our work to build family audiences we presented a series of events over half term including a special Halloween performance of *The Mystery of the Raddlesham Mumps*, Murray Lachlan Young's eccentric ghost story for ages 7 to 107; Raymond Briggs' *The Bear* and a fascinating lunchtime journey into new music and sound with the London Sinfonietta.

The Steinway International Piano Series launched in September with American pianist Simone Dinnerstein who gave a superb performance of Bach's *Goldberg Variations*, and was followed in November by Barry Douglas with a programme of Russian masterworks.

The Autumn jazz programme focused on the piano as we celebrated the 90th anniversary of the legendary Bill Evans with Norma Winstone and Nikki Iles, welcomed New Yorker Aaron Parks back with his quartet Little Big and experienced the striking new music Kit Downes created for his latest ECM album.

The year closed in traditional style with a Christmas season of entertainment for all the family which this year includes the animated film adaptation of *We're Going On A Bear Hunt* with live orchestra and a dazzling new Christmas on Broadway production.

Other events during the term included the Gould Piano Trio's lunchtime performance of the *Ghost Trio* alongside a new work it has inspired by RWCMD composer Derri Lewis; and Joseph Moog's special performance of Liszt's piano arrangement of the *Pastoral Symphony* as part of the Steinway International Piano Series.

We were particularly pleased to once again host *BBC Young Musician* in March, and we took the opportunity to celebrate the competition's enduring legacy by welcoming back previous winners Xhosa Cole, David Childs, Nicholas Daniel and Mark Simpson to perform and work with our students.

A special focus on Welsh musicians who are extending the boundaries of jazz and folk music included Tomos Williams' Indo-Welsh band Khamira celebrating the music of Miles Davis; guitarist Toby Hay and friends performing music from his stunning new album for custom made 12-string guitar; and pianist Huw Warren in the very special trio Quercus with Iain Ballamy on saxophones and the legendary singer June Tabor.

In the Richard Burton Theatre, we explored the power of visual and physical storytelling with two exceptional visiting productions: Theatre Re's ravishingly beautiful Edinburgh Festival hit, *Birth* and Tooth+Nail's *Hummingbird*, a haunting love story set in post-War America.

The Richard Burton Company performed a challenging programme including Michael Fentiman's new production of Simon Stephens' powerful story of alienation, *Motortown*; and John Donnelly's radical take on Molière's tale of deception and seduction, *Tartuffe*.

The final productions of the term including *Così Fan Tutte* directed by Martin Constantine, the NEW season, our musical theatre adaptation of Wedekind's *Spring Awakening* and Music Theatre Wales' international co-production of Philip Venables' award winning opera *Denis & Katya* had to be cancelled due to the Covid-19 lockdown. We were also unable to undertake our planned north Wales residency at Galeri in Caernarfon.

Instead, we began the process of adapting to working online, setting up Atmospheres Radio as a platform for our jazz and new music output. This enabled us to present both the *AmserJazzTime* and Atmospheres festivals on the station and stay connected to our audiences. As part of the *AmserJazzTime* festival we presented a live Zoom concert from Amsterdam with Dutch band Tin Men and the Telephone whose specially developed phone app enables audiences to interact with them live, making creative choices in real time.

A planned project with International Chair for Jazz, Gilad Hekselman, which was due to take place at the end of June, happened online and culminated in a truly exceptional final *AmserJazzTime* radio show of new work created by students on the project.

Similarly, we transformed our plans for a concert and chamber coaching by the Albion Quartet into a series of online coaching sessions for the String department. This included sessions on online presentation, passing on learning from Tamsin Waley-Cohen's *Living Room Live* events, to help prepare students for their final recitals which took place online.

As the finale of an extraordinary term, new Director of Music Tim Rhys-Evans hosted twelve *Lockdown Lowdown* Zoom Q&A sessions for students with a diverse array of international music stars including Dame Kiri Te Kanawa, Dennis Rollins, Claron McFadden, Errollyn Wallen, Skaila Kanga, and John Wilson. These were also made available to watch online over the summer.

2.5. National Student Survey

National Student Survey (NSS) - Following last year's significant drop in satisfaction score from 87% to 73%, the 2020 results have demonstrated a 1% improvement overall. Within this, Drama bounced back to previous levels of success (between 90% satisfaction in Stage Management to 100% satisfaction in Design). It has also been good to note improvement in the results for Student Voice and the Students' Union across the College. Music suffered a further fall in overall satisfaction, although this was at variance with individual scores across all the other NSS themes, where improvement ranged from +2% to +18%. The College has articulated a strategic action plan to address the particular issues in Music, to complement ongoing College wide approaches to quality enhancement. This plan for Music has included fresh direction and stability for the Department with a new Director of Music, a revalidation of the BMus programme scheduled for 2020/21, and a suite of targeted measures to address huge variations in scores between discipline areas for some NSS themes.

2.6. Widening Access and Community Engagement

Following the extremely successful Benedetti Sessions in 2018, our instrumental weekends supported by the Mosawi Foundation continued in November 2019 with the Superbrass Weekend. This exceptionally versatile ensemble offered a varied and entertaining range of opportunities for people to engage in workshops, performances and free events. The weekend built strongly on the College's profile amongst brass players and enthusiasts, particularly young people locally, as a place to hear the best brass musicians in the world, feeding into audience development for our wider programme.

Autumn 2019 also saw the establishment of On The Move, a new partnership with Hern & Crabtree which enabled 6,520 children in 27 schools to experience 38 brass and percussion concerts. Feedback from participating schools reflected impacts including increased confidence through participation in live music, fostering enthusiasm for music, enhancement of mental, physical and emotional health and a spirit of community and self-identity. These free workshops were coupled with complimentary tickets to lunchtime concerts at RWCMD and the partnership will continue with woodwind and vocal concerts in 2020/21.

In February we packed St David's Hall with primary school children for Beethoven: Musical Superhero. Celebrating the 250th anniversary of Beethoven's birth, this specially devised performance by the RWCMD Symphony Orchestra told the story of the great composer's life and music through an entertaining mix of music, narration, puppetry and audience participation.

The College's partnerships with BBC National Orchestra of Wales and Welsh National Opera continued to flourish, with 25 instrumental students and four conductors participating in placement schemes

and educational work. BBC NOW Ten Pieces Coaching Days provided RWCMD students with the opportunity to work with professionals coaching up to 200 school pupils in intensive orchestral projects.

In Drama our work on improving progression pathways and opening access to Higher Education continued including developing our YAS programme and partnerships with Merthyr Tydfil College and Open Door.

There were strong developments with our YPPA (Young People's Production Arts) which delivered a free online summer school this year. This was attended by 100 participants aged 11 – 18 who signed up for activities hosted via Zoom throughout the week. The six RWCMD staff and graduates who led the specialist sessions were joined by International Chair and BAFTA nominated Lighting Designer Tim Routledge for the Backstage Careers and Drama School Q&A session. Other activities included Introductory sessions in Lighting, Sound, Stage Management, Set Design and Costume Design and feedback from participants and parents has been overwhelmingly positive.

The Pre-College department also ran a series of online activities over the summer including a First Campus-funded summer school for a small group of care-experienced young people from SE Wales. Working each Wednesday over a five-week period, activities were designed to develop young people's confidence, wellbeing and life-skills.

2.7. Conclusion

In conclusion I just want to reflect on what's been a steep learning journey for us all this year and I want to thank the Principal and the staff for their resilience and flexibility as they worked night and day to ensure that the provision of the education stayed at the same high level virtually as it was physically. This year has tested all of us and we will continue to evolve and develop how we teach, how we engage and how we inspire. Necessity is the mother of invention and our new way of thinking should form the basis for new opportunities for students and colleagues alike.



John Derrick
Chair of Board of Governors

30 November 2020

3. Trustees' Report

This report constitutes the Strategic Report and the Directors' report required under the Companies Act 2006. The Directors confirm that the financial statements for the year ended 31 July 2020 have been prepared to comply with the Companies Act 2006 and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with applicable accounting standards.

3.1. Structure, governance and management

The Royal Welsh College of Music and Drama is a limited company and a registered charity. It is governed by its Articles of Association.

The charity's registered address is University of South Wales, Treforest, Pontypridd, CF37 1DL and the registered number is 1139282.

The members of the Board, listed below, are the trustees of the Charity and as such have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education for the public benefit.

The existing Directors and those who held office during the year and up to the date of signing the annual report and financial statements, are given below:

John Derrick (Chair)
Professor Helena Gaunt (Principal - ex officio)
Professor Julie Lydon (Vice Chancellor - ex officio)
Nia Thomas (Student President, from 1 August 2019)
Brian Weir (nominee of College Staff, resigned 31 July 2020)
Lucy Hall (nominee of College Staff, appointed 8 October 2020)
Jemma Terry (USW Board)
Natasha Hale
Manon Bonner Antoniazzi
Aled Miles
Mario Ferelli
Roger Munnings, appointed 1 December 2019

3.2. Objectives and activities for the public benefit

Charitable Objectives

The College promotes the advancement of education and learning for the public benefit, specifically the training of performers and others in music, drama and theatre, through the provision of advanced courses of instruction, leading to the award of degrees or other appropriate qualifications. It also provides, maintains and improves performance facilities for the benefit of the local community.

Through the provision of high-quality training, the College seeks to produce graduates who are articulate and innovative in their art forms, and to provide the music and theatre industries with a highly skilled workforce, able to represent Wales on the world stage. The College makes a significant contribution to the cultural and artistic life of Wales and beyond.

Fulfilment of Charitable Objectives

Beneficiaries:
The College has a higher education student population of just over 800 students of whom 89% are Home/EU and 11% from Overseas. Those students are the primary beneficiaries receiving high-quality training in a range of performing arts disciplines. However, beneficiaries extend to Pre-College students (from the age of four upwards) as well as employers and businesses in the creative industries sector which employ a high proportion of the College's graduates. The general public can attend over 500 public performances a year including free concerts and other educational and cultural activities in the College, such as exhibitions, masterclasses and talks.

Admissions policy:
The College seeks to recruit the most able and talented students, as well as those who exhibit exceptional potential irrespective of background. Within its undergraduate programmes demand for places is high and is normally conducted by audition interview or portfolio submission.

Public Benefit Statement

Bursaries, scholarships and funding support:
To support students who experience financial hardship, the College makes available financial support through bursaries and philanthropic donations received from external sources.

A high percentage of students enrolled on the College's junior music and young actor programmes are in receipt of bursary support to enable them to access the College's tuition, regardless of financial need. The College sources this bursary support from a combination of public funds, trusts, foundations, businesses and philanthropic donors.

The College operates a limited number of scholarships as a means of attracting the most gifted students and in order to achieve balanced cohorts of students to enable training in recognised core ensembles. Scholarships are offered on the basis of both excellence and need (i.e. the financial need of the applicant).

The College again had a strong year with regards to fundraising income, generating £1.85m - an increase from £1.68m in 2018/19. This was, in part, due to two major gifts received from The Mosawi Foundation and The Carne Trust. The Foyer was named the Carne Foyer in recognition of the gift from The Carne Trust, which will help to fund a number of strategic advancements over the coming period.

A special appeal was launched to grow the Student Hardship Fund in response to the growing number of requests from students experiencing financial hardship as a result of COVID 19. This Appeal raised over £50k and the fundraising campaign will continue so that financial and practical assistance can be offered to those who need it during the coming academic year.

The College would like reiterate its thanks to all members of the Connect and Friends Connect schemes as well as to the many individuals, business and charitable trusts who support scholarships, special projects, prizes and other College and student activities. A full list of supporters can be viewed on the College website: https://www.rwcmd.ac.uk/support-us/thank-you.

All fundraising activities conducted by the College are regularly reviewed to ensure they are compliant with the guidelines set out by the Fundraising Regulator in the Fundraising Code of Practice.

Widening Participation
One of the College's main vehicle for widening participation and access is through its junior programmes of training and an extensive community engagement programme including Junior Music Conservatoire, Community Lesson Scheme and the Young Actors' Studio in Cardiff and Pembrokeshire.

The College delivers an extensive programme of activity across Wales comprising concerts and workshops in a wide range of school and community settings as well as a series of 'in-reach' activities delivered at the College.

Responding to the Covid 19 restrictions our YPPA (Young People's Production Arts) group delivered a free Zoom online summer school this year which was attended by 100 participants aged 11 – 18 and the Pre-College department ran a series of online activities for a group of care-experienced young people from SE Wales.

The College continues to work closely with various arts disability groups to ensure our education and training prepares students for the diverse needs of the creative industries they will be entering on graduation.

Community Engagement
The College promotes an extensive public performance programme – this year again amounting to over 500 events with a total audience of around 40,000 to a diverse arts programme that ranged from comedy to cabaret, experimental theatre to film and a wide range of music genres.

Across the year, the College delivered a range of free events aimed at the wider Cardiff community including the weekly *AmserJazztime* foyer performances, tours of the building, exhibitions of theatre design and music performances and workshops delivered by students and professional theatre.

3.3. Strategic report

Principal activities
The College's principal activity continues to be the delivery of conservatoire education and professional training.

Business review
The Covid-19 pandemic meant that the College closed its buildings to all students, staff and visitors in March 2020 and remained closed until the end of the academic year. All learning, teaching and assessment was able to continue online but all public performances and commercial activities stopped. The closure resulted in the loss of more than £300k of commercial income but this was fully mitigated by operational cost reductions over this period.

Student recruitment continues to reflect the demand for the College's brand of quality conservatoire training. The demand for places varies between courses which are kept under constant review to ensure that they are meeting the needs of the industry and students. The final recruitment position

for 2019/20 was in line with the overall College expectations although there was a slight shift in the balance meaning that the proportion of overseas students dropped from 18% to 11%.

Attracting higher numbers of overseas students remains a key strategic priority for the but the relevant strategic changes introduced earlier in the year were materially hindered by the worldwide disruption and uncertainties caused by the Covid-19 pandemic and so the expected recovery and growth of numbers in this area is not now expected to happen before September 2021.

Headlines
Prior to the closure of the performance venues in March the College had already attracted audience attendances of just less than 40,000 from more than 330 performances – this is a fundamental aspect of the student learning experience enabling access to world class performers in a range of disciplines as well as providing an important income stream and audience for our students' work. Since September 2020 the College has been able to resume a performance programme for students – albeit that the social distancing requirements continues to prevent external paying customers to attend.

In 2019/20, HEFCW responded to the funding recommendations of the Lord Murphy review *Review of Conservatoire and Performing Arts provision*. HEFCW agreed to increase its grant to the College by £1.8m - so ending up £0.56m below that £2.36m recommended in the original report. The College continues to engage in constructive dialogue with HEFCW and there may be opportunities for additional funding in future years.

The College again had a strong year regarding fundraising income, generating £1.85m - an increase from £1.68m in 2018/19.

3.4. Financial risk management

Commitment to Best Practice in Governance
The College is committed to best practice in all areas of financial risk management and corporate governance, adhering to the principles set out in The Committee of University Chairs' (CUC's) voluntary *Higher Education Code of Governance* published in December 2014.

The College's Board of Directors is responsible for ensuring an adequate system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable and not absolute assurance against material misstatement or loss.

Risk Management
The College maintains a risk management approach which considers business, operational, compliance and financial risks. The risk register is regularly reviewed by senior management, and the Company's risk management process is consolidated into the University's whose internal control guidance adheres to the combined code as amended by the British Universities Finance Directors' Group.

Board of Directors and its sub committees
The Board of Directors met five times during the reporting year. In terms of audit arrangements, whilst a separate College Audit Committee has not been established, all audit reports and reviews and other information relating to the Company are formally received by the University of South Wales's Audit Committee which meets four times per year and acts as the College Board's Audit Committee. The 2019/20 annual report of the internal auditors was considered by both the

University's Audit Committee and the College's Board of Directors, who also approved the internal audit plan for 2020/21.

3.5. Financial Review

During the year the Charity had income of £15.4m (2019: £15.7m) and incurred expenditure of £15.4m (2019: £15.6m) resulting in a surplus, before gains and losses, of £0.035m (2019: £0.091m) for the year.

Net assets at 31 July 2020 were £7.8m (2019: £8.1m) reflecting the continued increase in pension provision, in respect of the LGPS scheme, which has now increased to £8.9m (2019: £8.0m).

Current assets at 31 July 2020 were £10.8m (2019: £9.2m). This large increase reflecting very tight cash management throughout the year and particularly following the introduction of the COVID-19 lockdown. HEFCW's agreement to defer payment of a loan instalment (£0.5m) due in the year has also contributed to the healthy cash position.

3.6. Principal risks and uncertainties

Continued impact of Covid-19 restrictions
It's already apparent that the College will continue to be impacted by the impact of the Covid-19 pandemic in 2020/21. Fewer overseas students will elect to come to the UK to study, a large proportion of the teaching programme will continue online for at least the autumn term and the College will be unable to open up performance to live audiences until 2021. So the Trustees anticipate another challenging year ahead.

Recruitment of students
The College's strategic plan targets a modest annual growth in its current level of undergraduate and postgraduate student numbers and overseas students while ensuring the quality of students remains high. Although the College has developed detailed actions together with a system of enhanced partnerships with other institutions to support these plans the Trustees now expect that the Covid-19 disruptions will hinder the planned growth in 2020/21 but remain confident that the position can be recovered in 2021/22 and subsequent years if conditions improve.

Fundraising
The support of Trusts and Foundations, public funders, businesses and individuals continues to be essential to offering students new training and performance opportunities and ensuring the most talented young artists are able to afford the cost of training.

Income generation
More than 40% of budgeted income from commercial activities was lost in 2019/20 as a direct consequence of the disruption and similar losses are now forecast in 2020/21 as these disruptions are expected to continue at least until the end of 2020. The College has continued to stay in close contact with its regular commercial customers and audiences and the Trustees remain confident that this income will recover quickly and strongly once the restrictions allow.

Dividends
The Directors do not recommend the payment of a dividend in respect of the year ended 31 July 2020 (2019 – nil).

3.7. Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts the Board are of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period). The directors have also discussed, with Barclays, amendments to certain financial performance covenants attached to the secured loan, which will enable the College to continue to operate without breaching any of these conditions. These discussions are nearing their conclusion and will be formalised into new legally binding arrangements with Barclays.

Consequently, the Board are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern.

3.8. Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. Its purpose is to help the reader of the annual report and financial statements understand how the principles have been applied. In the opinion of the Directors, the College complies with all the provisions of the Code, in so far as they apply to the Higher Education Sector, and it has complied throughout the year ended 31 July 2020 and up to the date of signing the annual report and financial statements.

The College reviews, at least annually, the effectiveness of the internal control system.

Employees

Applications for employment by disabled persons are always fully considered, taking into account the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has been undertaken, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Communication with all employees is undertaken through termly staff meetings and regular e-mails.

Statement of Directors' responsibilities

The Trustees (who are also Directors of The Royal Welsh College of Music and Drama Limited for the purposes of company law) are responsible for preparing the Directors' Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the charitable company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), the Companies Act 2006, the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the charitable company and the Higher Education Funding Council for Wales and under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice; Accounting for Further and Higher Education Institutions;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees took reasonable steps to meet their responsibilities in respect of:

- keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and other relevant accounting standards;
- ensuring that funds from the Higher Education Funding Council for Wales are used only for those purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguarding the assets of the charitable company;
- ensuring the fundraising activities conducted by the College are in accordance with the guidelines set out in the Charity Governance Code and the Charity Commission's CC20 and CC3 guidance;
- the prevention and detection of fraud and other irregularities; and
- securing the economical, efficient and effective management of the charitable company's resources and expenditure.

The Directors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved, the following applies;

(a) so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Directors' indemnities

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

This was also in force at the date of approval of the annual report and financial statements.

Independent Auditors

The auditors, KPMG LLP, were appointed in May 2020 and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at a future meeting of the Board.

By order of the board



W D Callaway
Company Secretary

30 November 2020

(a) The maintenance and integrity of the Royal Welsh College of Music and Drama Limited's website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

TECHNICAL ANNEX - FINANCIAL STATEMENTS

Independent Auditors' Report to the Board of Governors of the Royal Welsh College of Music and Drama Limited

Opinion

We have audited the financial statements of the Royal Welsh College of Music and Drama Limited ("the College") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheets, the Cash Flow Statement and related notes, including the accounting policies in basis of preparation section.
In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020, and of the College's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the College in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the College or to cease their operations, and as they have concluded that the College's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period"). We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the College's business model, and analysed how those risks might affect the College's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the College will continue in operation.

Other information

The Directors are responsible for the other information, which comprises the Strategic Review and the Report of the Governors and Corporate Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 16 the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and College'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 they either intend to liquidate the group or the College or to cease operations, or have no realistic alternative but to do so.

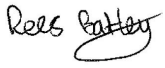
Auditors' responsibilities

Our 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the college's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rees Batley
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

01 December 2020

Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2020

	Notes	**2020**	2019
		£'000	£'000
Income			
Tuition fees and education contracts	3	**8,659**	8,449
Funding body grants	4	**3,620**	3,587
Other income	5	**1,128**	1,851
Investment income	6	**141**	102
Total income before endowments and donations		**13,548**	13,989
Donations and endowments	7	**1,845**	1,684
Total income		**15,393**	15,673
Expenditure			
Staff costs	8	**9,064**	8,546
Other operating expenses		**4,917**	5,681
Depreciation	11	**875**	864
Interest and other finance costs	9	**502**	491
Total expenditure		**15,358**	15,582
Surplus/(Loss) before other gains and losses		**35**	**91**
Gain/(Loss) on investments	17	**(148)**	27
Surplus/(Loss) for the year		**(113)**	**118**
Actuarial gain/(loss) in respect of pension schemes	23	**(192)**	(1,459)
Total comprehensive income/(expenditure) for the year		**(305)**	**(1,341)**
Represented by:			
Endowment comprehensive income/(expenditure) for the year		**(155)**	86
Restricted comprehensive income/(expenditure) for the year		**211**	225
Unrestricted comprehensive income/(expenditure) for the year		**(361)**	(1,652)
		(305)	**(1,341)**

All items of income and expenditure relate to continuing activities

Statement of Changes in Reserves
for the year ended 31 July 2020

	Income and expenditure account			Revaluation reserve	Total
	Endowment	*Restricted*	*Unrestricted*		
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2019	**2,629**	**1,114**	**2,574**	**1,819**	**8,137**
(Deficit)/Surplus for the year	**(155)**	**211**	**(170)**	**0**	**(113)**
Other comprehensive expenditure			**(192)**		**(192)**
Balance at 31 July 2020	**2,474**	**1,325**	**2,212**	**1,819**	**7,832**

Balance Sheet
as at 31 July 2020
(Company Registration: 06013744)

	Notes	**2020**	Restated* 2019
		£'000	£'000
Non-current assets			
Tangible assets	11	**24,917**	25,369
Heritage assets	11	**500**	500
Other	11	**135**	0
		25,552	25,869
Current assets			
Trade and other receivables	12	**211**	234
Investments	13, 24	**7,884**	8,069
Cash and cash equivalents	24	**2,742**	913
		10,837	9,216
Creditors: amounts falling due within one year	14	**(4,459)**	(2,503)
Net current assets		**6,378**	6,713
Total assets less current liabilities		**31,930**	32,582
Creditors: amounts falling due after more than one year	15	**(15,227)**	(16,311)
Provisions			
Pension provisions	16	**(8,836)**	(7,988)
Other provisions	16	**(35)**	(146)
Total net assets		**7,832**	8,137
Restricted Reserves			
Income and expenditure reserve - endowment reserve	17	**2,475**	2,629
Income and expenditure reserve - restricted reserve	18	**1,327**	1,116
Unrestricted Reserves			
Income and expenditure reserve - unrestricted		**2,210**	2,573
Revaluation reserve		**1,819**	1,819
		7,831	8,137
Share Capital		**1**	1
Total Reserves		**7,832**	8,138

*The 2018/19 balance has been restated and further information can be found in Note 24.

The financial statements on pages 22 to 42 were approved by the Board on 30 November 2020 and signed on its behalf by:



John Derrick
Chair of Board of Governors

Cash Flow Statement
for the year ended 31 July 2020

	Note	2020 £'000	Restated* 2019 £'000
Cash flow from operating activities			
Surplus/(Loss) before other gains and losses		**34**	91
Adjustment for non-cash items			
Depreciation	11	**875**	864
Gain on investments		**37**	(38)
Decrease/(Increase) in debtors	12	**23**	(55)
Increase in creditors	14, 15	**1,263**	175
LGPS Pension costs less contributions payable		**664**	651
Capital grant income	14	**(169)**	(169)
Adjustment for investing or financing activities			
Investment income	6	**(141)**	(102)
Interest payable	9	**328**	337
Short term financing	14	**(585)**	0
Net cash inflow from operating activities		**2,329**	1,754
Cash flows from investing activities			
Investment income		**141**	102
Movement in Investments		**(185)**	0
Payments made to acquire fixed assets		**(423)**	(1,058)
Bond payment to secure lease		**(135)**	0
New deposits		**0**	(8)
		(602)	(964)
Cash flows from financing activities			
Interest paid		**(328)**	(337)
Short term financing		**585**	0
Repayments of amounts borrowed		**(155)**	(482)
		102	(819)
Increase in cash and cash equivalents in the year		**1,829**	(29)
Cash and cash equivalents at beginning of the year	19, 24	**913**	942
Cash and cash equivalents at end of the year	19, 24	**2,742**	913

*The 2018/19 balance has been restated and further information can be found in Note 24.

Analysis of changes in net debt		Restated* As at 1 Aug 2019 £'000	Cashflows £'000	Other Changes £'000	**As at 31 Jul 2020 £'000**
Cash at bank and in hand	24	**913**	**1,829**	**0**	**2,742**
Debt due within one year		**(697)**	**(155)**	**(605)**	**(1,457)**
Debt due within more than one year		**(8,961)**	**0**	**915**	**(8,046)**
		(8,745)	**1,674**	**310**	**(6,761)**

Notes to the financial statements for the year ended 31 July 2020

1 Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the revaluation of endowment investments, in accordance with the Companies Act 2006, as adapted to the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with the Financial Reporting Standards. The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). The principal accounting policies are set out below and have been applied consistently throughout the year.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Trustees' report (which includes the Strategic Report). The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period at least twelve months from the date of approval of these financial statements. After reviewing these forecasts the Board are of the opinion that, taking account of severe but plausible downsides, including the anticipated impact of COVID-19, the College will have sufficient funds to meet its liabilities as they fall due over the period of twelve months from the date of approval of the financial statements (the going concern assessment period). The directors have also discussed, with Barclays, amendments to certain financial performance covenants attached to the secured loan, which will enable the College to continue to operate without breaching any of these conditions. These discussions are nearing their conclusion and will be formalised into new legally binding arrangements with Barclays.

Consequently, the Board are confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern.

2 Accounting policies

Funding

The Directors have assessed the appropriateness of the going concern basis for the purpose of the financial statements for the year ended 31 July 2020 and on the basis of a revised Financial Strategy that was agreed in June 2019 and reviewed this year, the Board is able to confirm the College's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the College was unable to continue as a going concern.

Income recognition

Income from tuition fees is recognised over the period in which students are studying and includes all fees chargeable to students or their sponsors. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount.

Income from the sales of goods and services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

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

Grant Funding

Government grants, including funding council block grant, are recognised in income over the periods in which the College recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Donations and Endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the College is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions. Donations with no restrictions are recognised in income when the College is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms applied to the individual endowment fund.

There are three main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College.
3. Restricted permanent endowments – the donor has specified that the fund is be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset under the accruals method. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance conditions being met.

Accounting for retirement benefits

The two principal pension schemes for the College's staff are the Teachers' Pension Scheme (TPS) and Rhondda Cynon Taf Pension Fund (RCTPF), a Local Government Pension Scheme (LGPS). RCTPF is a defined benefit scheme which is externally funded.

Notes to the financial statements for the year ended 31 July 2020

2 Accounting policies (continued)

It is not possible to identify each institution's share of the underlying liabilities in relation to the TPS and hence, contributions to the scheme are accounted for as if this was a defined contribution scheme, the cost recognised within the income statement being equal to the contributions payable to the scheme for the period.

Employment Benefits

Short term employment benefit such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Early Retirement Provision

The Company maintains a provision to meet pension costs arising from the additional years of service granted to certain staff taking early retirement.

Provisions are established and the associated costs are charged to the income and expenditure account when the College has a legal or constructive obligation. The provision relates to enhanced teachers' unfunded pension arrangements established by the College. These are termination benefits made on a discretionary basis upon early retirement, in respect of the Teachers Pension Scheme.

Operating Leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Tangible Fixed Assets

Tangible fixed assets are initially recorded at purchase cost, including non recoverable VAT, incidental costs of acquisition, less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life, as stated below. Depreciation is charged for a full year within the year that the asset becomes available for use.

All fixed assets are reviewed for indicators of impairment at each balance sheet date.

Land and buildings

Land and buildings inherited from Royal Welsh College of Music and Drama Higher Education Corporation are stated in the balance sheet at their net book value on transfer.

As at 1 August 2014 asset lives were reassessed and revised depreciation rates applied to the net book value as at that date. The original Raymond Edwards building is being depreciated over 35 years, with the additional facilities being depreciated over 50 years, which is the expected remaining useful economic life.

Notes to the financial statements for the year ended 31 July 2020

2 Accounting policies (continued)

Land has been revalued to fair value on transition to the 2015 Further and Higher Education SORP, resulting in a revaluation reserve of £1,819,000. Land, whether freehold or leasehold, is not depreciated as it is considered to have an indefinite useful life.

Long leasehold buildings are depreciated over the shorter of the lease term and expected useful life.

Buildings under construction are capitalised at cost. Interest on loans used to fund capital projects is capitalised until such projects are brought into use. No depreciation is charged, until the year in which buildings under construction are brought into use.

Fixtures, fittings and plant and machinery

Equipment costing less than de minimums of £300 per individual item, is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost, including non recoverable VAT, and is depreciated over its expected useful life, as follows:

Fixtures and fittings	- 7 years straight line
Plant and machinery	- between 3-10 years straight line

Heritage Assets

Heritage assets are tangible assets with an historical, artistic, scientific, technological, geophysical or environmental quality that are held and maintained principally for their contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations.

Heritage assets acquired since College formation have been capitalised to the balance sheet at initial cost. Donated heritage assets are recorded at estimated valuation at the date of donation unless this is not practicable, in which case the appropriate disclosures are made of the nature and the extent of these donations. In subsequent periods, heritage assets are held at cost less any identified impairment.

Information on the valuation of Heritage assets is set out in note 11.

Investments

Investments are held at fair value with movements recognised in income and expenditure.

Cash

Cash includes cash in hand and cash equivalents.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements for the year ended 31 July 2020

2 Accounting policies (continued)

Taxation

The College is a charity registered with the Charity Commission number 1139282 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478 to 488 of the Corporation Taxes Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

Loans

Loans received that either do not accrue interest or where interest is charged at less than a market rate are considered public benefit entity concessionary loans. These loans are recognised initially at the amount of cash received and are subsequently adjusted to reflect accrued interest payable.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the College, are held as a permanently restricted fund which the College must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Notes to the financial statements
for the year ended 31 July 2020

			2020	2019
3	**Tuition fees and education contracts**	Notes	**£'000**	£'000
	Full-time home and EU students		**6,371**	5,885
	Full-time international students		**1,708**	1,906
	Short Course Fees		**580**	657
			8,659	8,448

			2020	2019
4	**Funding body grants**		**£'000**	£'000
	Recurrent grant			
	Higher Education Funding Council		**3,485**	3,452
	Amortisation of Deferred Capital grant	14	**135**	135
			3,620	3,587

			2020	2019
5	**Other income**		**£'000**	£'000
	Catering		**361**	577
	Other capital grants	14	**34**	34
	Other income		**733**	1,239
			1,128	1,850

			2020	2019
6	**Investment income**		**£'000**	£'000
	Investment income on endowments	17	**64**	70
	Other investment income		**77**	32
			141	102

			2020	2019
7	**Donations and endowments**		**£'000**	£'000
	New endowments	17	**0**	8
	Donations with restrictions	18	**872**	1,333
	Unrestricted donations		**973**	342
			1,845	1,683

Notes to the financial statements
for the year ended 31 July 2020

		2020	2019
8	**Staff costs**	**£'000**	£'000
	Staff Costs		
	Salaries	**6,784**	6,529
	Social security costs	**581**	553
	Other pension costs	**1,699**	1,463
	Total	**9,064**	8,545

Remuneration of directors and higher paid employees

		£'000	£'000
	(a) Directors		
	Salary	**220**	198
	Benefits	**2**	1
	Pension contributions to LGPS	**34**	30
		256	229

In addition one director receives remuneration in their capacity as President of the Students' Union.

		£'000	£'000
	(b) Higher paid employees		
	Emoluments of the Principal:		
	Salary	**152**	137
	Benefits	**2**	1
	Pension contributions to LGPS	**24**	21
		178	159

Average full time equivalent staff numbers by major category, including senior post-holders

	2020	2019
Academic	**103**	108
Other	**84**	75
	187	183

Average headcount equivalent staff numbers by major category, including senior post-holders

	2020	2019
Academic	**241**	243
Other	**208**	206
	449	449

Remuneration of the Principal of the College expressed as

	2020	2019
Basic salary as a ratio of the median basic salary of all staff	**4.50**	4.63
Total remuneration as a ratio of the total remuneration of all staff	**4.50**	4.63

Trustee expenses and related party transactions

The College's Board members are the Trustees for charitable law purposes.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year.

The total expenses paid to or on behalf of Board members was £170 (2019 - £402).
This represents travel and subsistence expenses incurred in attending meetings.

Notes to the financial statements
for the year ended 31 July 2020

9 **Interest and other finance costs**	**2020 £'000**	2019 £'000
Loan interest	**328**	337
Net charge on pension scheme (see note 23)	**174**	153
	502	490

10 **Analysis of total expenditure by activity**	**2020 £'000**	2019 £'000
Academic and related expenditure	**8,726**	8,604
Administration and central services	**3,180**	2,865
Premises	**2,005**	2,383
Residences, catering and conferences	**429**	558
Other expenses	**1,020**	1,171
	15,360	15,581

Other operating expenses include:

	2020 £'000	2019 £'000
External auditors' remuneration in respect of audit services	**29**	14
External auditors' remuneration in respect of non-audit services	**3**	14
Operating lease rentals - other	**158**	106

Notes to the financial statements
for the year ended 31 July 2020

11 Tangible Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Plant and Machinery	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2019	27,893	2,318	3,713	1,454	35,377
Additions	0	0	321	102	423
Disposals	0	0	0	0	0
At 31 July 2020	**27,893**	**2,318**	**4,034**	**1,556**	**35,800**
Consisting of:					
Valuation	1,819	0	0		1,819
Cost	26,074	2,318	4,034	1,556	33,982
At 31 July 2019	**27,893**	**2,318**	**4,034**	**1,556**	**35,801**
Accumulated depreciation					
At 1 August 2019	4,737	1,251	3,136	884	10,008
Charge for the year	469	21	253	132	875
Disposals	0	0	0	0	0
At 31 July 2020	**5,206**	**1,272**	**3,389**	**1,016**	**10,883**
Net book value					
At 31 July 2020	**22,687**	**1,046**	**645**	**540**	**24,917**
At 31 July 2019	23,156	1,067	577	570	25,369

Included in the net book value of fixed assets is aggregated interest capitalised of £298k (2019 - £306k).

Heritage Assets

	Heritage Assets	Total
	£'000	£'000
Cost		
At 1 August 2019	500	500
At 31 July 2020	**500**	**500**

The only large addition purchased during the year was the Foyle Opera Rara Collection for £500,000.
The College aims to maintain the condition of the collection by housing it within a designated and managed area. Items from the collection wi on public display in various temporary exhibitoins. The College is currently in the process of cataloguing the collection.

Other Assets

The College has placed a £135,000 bond payment as security against the lease of a workshop.

Notes to the financial statements
for the year ended 31 July 2020

12 Trade and other receivables

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade receivables	**33**	138
Other receivables	**12**	5
Prepayments and accrued income	**148**	91
Amounts due from parent undertaking	18	0
	211	234

13 Investments

		2020 £'000	Restated* 2019 £'000
Short term investment in shares	24	**2,056**	2,207
Short term bonds and deposits	24	**5,828**	5,862
		7,884	8,069

14 Creditors : amounts falling due within one year

	2020 £'000	2019 £'000
Secured loans	**165**	155
Unsecured loans	**1,292**	542
Amounts owed to parent undertaking	**668**	-
Other creditors	**334**	205
Trade payables	**32**	48
Social security and other taxation payable	**121**	131
Accruals and deferred income	**1,847**	1,422
	4,459	2,503

The 'Amounts owed to parent undertaking' includes £585,240, which represents a short term financing transaction, not accruing interest and that was repaid on 5 August 2020.

Deferred income

Accruals and deferred income include other income which has been deferred until specific performance related conditions have been met and deferred captial grants, which are released on a consistent basis over the useful lives of the related assets.

	2020 £'000	2019 £'000
Other income	**158**	255
Deferred capital grants (see notes 4 and 5)	**169**	169
	327	424

*The 2018/19 balance has been restated and further information can be found in Note 24.

Notes to the financial statements
for the year ended 31 July 2020

15 Creditors : amounts falling due after more than one year

	2020 £'000	2019 £'000
Deferred income	**7,181**	7,350
Secured loans	**5,921**	6,086
Unsecured loan	**2,125**	2,875
	15,227	16,311

Analysis of secured and unsecured loans:

	2020 £'000	2019 £'000
Due within one year or on demand (Note 14)	**1,457**	697
Due between one and two years	**1,131**	915
Due between two and five years	**1,739**	2,669
Due in five years or more	**5,176**	5,377
Due after more than one year	**8,046**	8,961
Total secured and unsecured loans	**9,503**	9,658
Secured loan repayable by 2041 *	**6,086**	6,241
Unsecured loan repayable by 2023	**3,417**	3,417
	9,503	9,658

Included within the total balance above is the following due in more than two years

	Interest	Repayment	Term	2020 £'000	2019 £'000
Barclays Bank					
All tranches	5.35%	Quarterly	33 years (to 2041)	**5,748**	5,921

* The terms of the secured loan agreement provides that the Bank may require the College to grant a charge on the land and buildings owned by the College if certain financial covenants are breached.
There is no charge currently registered in this regard and the Directors do not consider it likely that any charge will be required in the 12 months from the date of approval of the financial statements

16 Provisions for liabilities

		Defined Benefit Enhanced Provision £'000	Pension scheme provision under FRS102 £'000	Total Pension Provisions £'000
At 1 August 2019		285	7,703	**7,988**
(Reduction) in year		(95)	0	**(95)**
(Reduction) in year	(see note 23)	0	943	**943**
At 31 July 2020		**190**	**8,646**	**8,836**

In addition, there is a provision for future dilapidation remedial works on College rented properties.

Notes to the financial statements
for the year ended 31 July 2020

17 Endowment Reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments	Unrestricted permanent endowments	Year to 31 July 2020 Total	Year to 31 July 2019 Total
	£'000	£'000	£'000	£'000
Opening Balances				
Capital	372	2,004	**2,376**	2,340
Accumulated income	62	191	**254**	203
	434	2,195	**2,630**	2,543
New endowments	-	-	**-**	8
Investment income	10	54	**64**	70
Expenditure	(1)	(69)	**(71)**	(19)
Increase in market value of investments	(23)	(124)	**(148)**	27
Total endowment comprehensive income for the year	(14)	(139)	**(155)**	86
Closing Balances	420	2,056	**2,475**	2,629
Represented by:				
Capital	349	1,880	**2,228**	2,376
Accumulated income	71	176	**247**	254
	420	2,056	**2,475**	2,630
Analysis by type of purpose:				
Scholarships and prize funds	420	2,056	**2,476**	2,629
	420	2,056	**2,476**	2,629
Analysis by asset				
Current asset investments			2,343	2,490
Cash and cash equivalents			132	139
			2,475	2,629

18 Restricted Reserves

Reserves with restrictions are as follows:

	Year to 31 July 2020 Total	Year to 31 July 2019 Total
	£'000	£'000
Opening Balances	1,115	890
New donations	872	1,450
Expenditure	(661)	(1,225)
Total restricted comprehensive income for the year	**211**	225
Closing Balances	**1,326**	1,115

Notes to the financial statements
for the year ended 31 July 2020

18 Restricted Reserves (continued)

	2020 Total	2019 Total
Analysis of other restricted funds /donations by type of purpose:	**£'000**	**£'000**
Scholarships and prize funds	**631**	572
Specific projects	**68**	661
Other	**173**	217
	872	1,450

19 Cash and cash equivalents

	Restated* At 1 August 2019	Cash Flows	At 31 July 2020
	£'000	**£'000**	**£'000**
Cash and cash equivalents	913	**1,829**	2,742
	913	**1,829**	**2,742**

*The 2018/19 balance has been restated and further information can be found in Note 24.

20 Lease obligations

Total rentals payable under operating leases:

	2020	2019
	£'000	£'000
Payable during the year	**110**	106
Future minimum lease payments due:		
Not later than 1 year	**158**	110
Later than 1 year and not later than 5 years	**700**	472
Later than 5 years	**3,464**	1,706
Total lease payments due	**4,322**	2,288

21 Related Parties

As the College is a wholly owned subsidiary of the University of South Wales, the College has taken advantage of the exemption contained in FRS102 Section 33 and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the Group (or investees of the Group qualifying as related parties).

There are no other related party transactions to be reported.

22 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is the University of South Wales, a Higher Education Corporation established under the Education Reform Act 1988. The results of the Company have been incorporated in the University of South Wales' consolidated financial statements, which forms the largest and smallest group for which the Company's financial statements are consolidated, copies of which can be obtained from the following address:

University of South Wales
Pontypridd
Rhondda Cynon Taf
CF37 1DL

Notes to the financial statements
for the year ended 31 July 2020

23 Pension Schemes

The College participates in two pension schemes, the Rhondda Cynon Taf Pension Funds (RCTPF), a local government pension scheme for non academic staff and the Teachers' Pension Scheme (TPS) for academic staff.

Teachers' Pension Scheme

TPS is a statutory contributory final salary scheme administered by the Teachers' Pensions on behalf of the Department of Education. Under the TPS, which is an unfunded scheme, employees and employers contributions are credited to the Exchequer under the arrangements governed by the Superannuation Act 1992. Every 5 years the Government Actuary's Department (GAD), using normal actuarial principles conducts an actuarial review of the TPA.

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

Latest actuarial valuation 31 March 2016

Valuation of the assets at date of last valuation £196.1 million (estimated future contributions together with notional investments held at 31 March 2016).

The contribution rate increased from 16.48% to 23.68% on 1 September 2019.

Under the definitions set out in Financial Reporting Standard 102 (FRS102) the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets of the scheme.

Accordingly the College has taken advantage of the exemption in FRS102 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out the above information available on the deficit in the scheme and the implications in terms of the anticipated contributions rates.

Rhondda Cynon Taf Pension Scheme

The scheme is a defined benefit occupational pension scheme. Pre April 2014 benefits are linked to final pensionable salary and service at date of retirement (or date of leaving the scheme if earlier), post March 2014 benefits accrue on a Career Average Revalued Earnings (CARE) basis.

The scheme is valued every three years, the latest being undertaken by independent consulting actuaries, Aon Hewitt, as at 31 March 2019.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	2020	**2019**
	% pa	% pa
Price Inflation (CPI)	2.20	2.25
Rate of increase in pensionable salaries	3.20	3.25
Discount rate/interest income on assets	1.45	2.25

At 31 March 2020, in order to reflect the impact of proposals by the UK Chancellor and the UK Statistics Authority (UKSA) to align RPI with CPIH (a variant of the Consumer Prices Index that includes an estimate of housing costs), the CPI assumption methodology was reassessed. In particular, the assumed long term gap between RPI inflation and CPI inflation was reduced from 1.1% at the prior year end to 0.6% at this year end. The impact of this change is expected to have resulted in a £0.9m increase in the Fund's liabilities since the prior year end.

Assumptions for the current accounting period have been chosen with reference to the duration of the Employer's liabilities. This has been estimated as approximately 23.1 years.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	2020		**2019**	
	Males	Females	Males	Females
Pensioner aged 65	21.0	23.5	21.5	23.4
Active member aged 65	21.8	24.4	22.8	24.9

Notes to the financial statements
for the year ended 31 July 2020

23 Pension Schemes (continued)

The assets in the scheme are valued at fair value and comprise:

	2020 £'000	2019 £'000
Equities	9,183	8,142
Government bonds	1,616	1,433
Corporate bonds	1,575	1,397
Property	1,010	895
Cash	81	72
Total	13,465	11,939

	2020 £'000	2019 £'000
Analysis of the amount shown in the balance sheet for LGPS pensions:		
Scheme assets	13,465	11,938
Scheme liabilities	(22,111)	(19,640)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 16)	(8,646)	(7,702)

	2020 £'000	2019 £'000
Current service cost	982	777.4
Past service and administration charges	13	184.1
Total operating charge	995	961

Analysis of the amount charged to interest payable/credited to other finance income for LGPS pensions:

	2020 £'000	2019 £'000
Interest cost	442	453
Expected return on assets	(274)	(300)
Net charge to other finance income	168	153
Payments to the Fund	(499)	(464)
Charge to Income and Expenditure Statement	664	650

Analysis of other comprehensive income for LGPS pensions:

	2020 £'000	2019 £'000
Gains on assets	803	519
Experience gain/(loss) on liabilities	(1,082)	(1,782)
Experience gain/(loss) on liabilities (Enhanced Provision on Termination)	88	(197)
	(191)	(1,460)

Notes to the financial statements
for the year ended 31 July 2020

23 Pension Schemes (continued)

History of experience gains and losses – LGPS pensions

	2020	2019	2018	2017	2016
Difference between actual and expected return on scheme assets:					
Amount (£m)	803	519	769	470	660
Experience losses/(gains) on scheme liabilities:					
Amount (£m)	(1,082)	(1,782)	214	(1,402)	(1,500)

	2020	2019
	£'000	£'000
Cumulative actuarial loss recognised as other comprehensive income for LGPS		
Cumulative actuarial losses recognised at the start of the year	2,665	1,403
Cumulative actuarial losses recognised at the end of the year	2,945	2,665

	2020	2019
	£'000	£'000
Analysis of movement in deficit for LGPS pension		
Deficit at beginning of year	(7,701)	(5,788)
Contributions or benefits paid by the College	499	464
Current service cost	(982)	(777)
Other finance charge	(181)	(338)
Actuarial gain/ (loss) recognised in other comprehensive income	(279)	(1,262)
Deficit at end of year	**(8,644)**	(7,701)

	2020	2019
	£'000	£'000
Analysis of movement in the present value of LGPS		
Present value of LGPS at the start of the year	19,640	16,461
Current service cost (net of member contributions)	982	777
Interest cost	442	453
Actual member contributions (including notional contributions)	187	171
Actuarial (gain)/loss	1,082	1,782
Actual benefit payments	(222)	(176)
Past service costs	-	172
Present value of LGPS liabilities at the end of the year	**22,111**	19,640

	2020	2019
	£'000	£'000
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	11,938	10,672
Expected return on assets	274	300
Actuarial gain on assets	803	519
Actual contributions paid by College	499	464
Actual member contributions (including notional contributions)	187	171
Actual benefit payments	(222)	(176)
Administration expenses	(13)	(12)
Fair value of scheme assets at the end of the year	**13,466**	11,938

LGPS assets do not include any of the College's own financial instruments, or any property occupied by the College.

	2020	2019
	£'000	£'000
Actual return on Scheme assets		
Expected return on Scheme assets	**274**	299.6
Asset gain	**803**	519.4
	1,077	819

Estimated contributions for LGPS in the Financial Year 2020-21 is £447k assuming 95% member take up.

Notes to the financial statements
for the year ended 31 July 2020

24 Prior Year Adjustment

During the preparation of the 2019/20 accounts it was identified that a number of investments in short-term bond and certificates of deposit with maturities greater than three months from the acquisition date had been classifie as Cash and Cash Equivalents at 31 July 2019. A prior period adjustment has been posted to reclassify these balance as Current Investments.

This adjustment does not affect the overall net figures in the accounts, with the impact noted in the tables below

	Year ended 31 July 2019		
	As previously reported	Adjustments	**As restated**
	£'000	£'000	**£'000**
Current Investments			
Short term investment in shares	2,207		**2,207**
Short term bonds	284		**284**
Short term deposits	-	5,578	**5,578**
	2,491	5,578	**8,069**
Cash and cash equivalents			
Short term bonds	-		-
Short term deposits	5,578	(5,578)	-
Cash at bank and in hand	913		**913**
	6,491	(5,578)	**913**
Total	8,982	0	**8,982**
Balance Sheet Impact			
Investments	2,491	5,578	**8,069**
Cash and cash equivalents	6,491	(5,578)	**913**

This adjustment also impacts the cash and cash equivalents and the 'Movements in Investments' line in the cash flow statement